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# The Search For The Commonwealth The Co-operative Union Of Canada, 1909-1939

George Roderick Macpherson

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THE SEARCH FOR THE COMMONWEALTH  
THE CO-OPERATIVE UNION  
OF CANADA, 1909-1939

by

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Submitted in partial fulfillment  
of the requirements for the degree of  
Doctor of Philosophy

Faculty of Graduate Studies  
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London, Canada.

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## ABSTRACT

This thesis examines the history of the Co-operative Union of Canada from its inception in 1909 until 1939. In those years, the Union sought to unite co-operative enthusiasts in English-speaking Canada into an integrated movement capable of reforming Canadian society. The most important leaders of the period were: George Keen, perennial general-secretary and the editor of The Canadian Co-operator; Samuel Carter, president until 1921; and W.C. Good, president from 1921 onward.

The Union's most prominent characteristic was its faith in co-operatism as a technique for combatting the evils of industrialism and the excesses of competitive individualism. All three leaders believed that the application of the Rochdale principles of co-operation--essentially, rules to encourage economic democracy and collective inter-dependence --would produce a new ethical framework for man's secular activities. Using these rules, they hoped to create a new society based upon the interests of the consumer; one in which capital would be de-emphasized, goods would be produced as cheaply as possible, speculation on the exchange of goods would be eliminated, and the contemporary social influence of wealth would be eliminated.



The Union stressed consumption partly because it believed that everyone should be equal as a consumer; and partly because of the practical success of British consumer co-operatives. In the early twentieth century, the British consumer movement was permeated by an ethical concern, had attracted the support of many citizens, and seemed to be making continuous progress. The Union tried to duplicate this British success, and, for much of the 1909-1939 period, it can be seen as the Canadian extension of the British movement.

Unfortunately, the emphasis on consumers created serious problems in the early years. Except for isolated societies among miners, immigrants and farmers, consumer co-ops found survival nearly impossible in early twentieth-century Canada. Indeed, the Union itself survived only because of the sacrifices of such co-operators as George Keen who were influenced by the British movement and convinced of co-operatism's fundamental importance.

During the late twenties the Union began to take an increasing interest in several co-operative movements scattered across Canada. These movements had developed among farmers in all regions, fishermen on both coasts, and miners on the mining frontier. Uniting these groups was a most difficult task, partly because of weaknesses in the

Union's basic approach and partly because of the nature of the various movements. The problems created by the Union's approach were the result of continuing emphasis upon ethical co-operatism and consumer control; because of those emphases, the C.U.C. found it difficult to work closely with the powerful figures dominating the successful producer co-operatives notably on the Prairies.

But the greatest obstacle to the creation of a strong, national movement was the parochialism of the co-operative movements in Canada. Few Canadian co-operators were motivated by the ethical aims of the Union's leaders; most were involved because co-operatism offered them economic advantages in selling produce, lower prices on consumer goods, a technique for organizing regional grievances, or a means of preserving a way of life.

Despite the obstacles created by its limited approach and by the diverse aims of Canadian co-operators, the Union did make steady progress after 1928. During the thirties, in particular, it gained increased strength as co-operators, notably in Saskatchewan, placed great hope in the movement as a means of combatting current economic and social dislocation. As a result, the Union finally elicited a strong response from the nation's co-operators and achieved a position of some prominence.

## ACKNOWLEDGEMENTS

In more ways than one, this thesis is a study in co-operation, and the author would like to thank the many people who assisted him in its preparation. Professor D.G.G. Kerr's assistance made the thesis possible; his advice and encouragement made the preparation of it a pleasure. The author is also indebted to Professor M. Zaslow who helped to make possible a year of study in Ottawa.

The research for this study was facilitated by grants from the Ontario government and the University of Winnipeg; it was made pleasurable by many individuals in several organizations. In particular, the author would like to thank Dr. A.F. Laidlaw, Mr. T. Phalen, Mr. T.G. Read, and Mrs. P. Dunn of the Co-operative Union of Canada for their suggestions and their assistance. He would also like to thank the efficient staffs of the Public Archives of Canada, the Ontario Archives, Lawson Library (the University of Ontario), the Douglas Library (Queen's University), the Toronto Public Library, the University of Winnipeg Library, and the University of Toronto Library.

Finally, the author would like to thank his wife for helping to improve an often turgid prose and for typing the early drafts of this effort; her many hours of labour over

this work proved once more that the women most in need of a "liberation movement" are the wives of students writing dissertations.

## ABBREVIATIONS USED IN THIS THESIS

- |                               |  |
|-------------------------------|--|
| A.C.C.M.                      | - Alberta Co-operative Consumer and Markets Ltd.                         |
| <u>C.C.</u> (in footnotes)    | - <u>The Canadian Co-operator</u>  |
| C.L.U.S.A.                    | - Co-operative League of the United States of America                    |
| C.U.C. (in text)              | - the Co-operative Union of Canada                                       |
| C.U.C. (in footnotes)         | - the Co-operative Union of Canada Papers, the Public Archives of Canada |
| C.W.S.                        | - (English) Co-operative Wholesale Society                               |
| F.U.C.                        | - Farmers Union of Canada  |
| G.G.G.                        | - Grain Growers Grain Company  |
| G.P. (in footnotes)           | - Good Papers, Public Archives of Canada                                 |
| I.C.A.                        | - International Co-operative Alliance                                    |
| I.L.P.                        | - Independent Labour Party   |
| K.P. (in footnotes)           | - George Keen Papers, Public Archives of Canada                          |
| King Papers (in footnotes)    | - The William Lyon Mackenzie King Papers, The Public Archives of Canada  |
| Laurier Papers (in footnotes) | - Laurier Papers, Public Archives of Canada                              |
| L.S.R.                        | - League for Social Reconstruction                                       |
| R.M.A.                        | - Retail Merchants Association   |
| S.G.G.A.                      | - Saskatchewan Grain Growers Association                                 |
| T.G.G.A.                      | - Territorial Grain Growers Association                                  |

- T.L.C. (when referring to a municipal institution) - Trades and Labour Council
- T.L.C. (when referring to the national organization) - The Trades and Labour Congress
- U.F.A. - United Farmers of Alberta
- U.F.C. - United Farmers of Canada  
(Saskatchewan Section)
- U.F. Co-op - United Farmers Co-operative
- U.F.O. - United Farmers of Ontario
- U.G.G. - United Grain Growers

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CHAPTER ONE  
INTRODUCTION

Let each man find his own in all men's good,  
And all men work in noble brotherhood.

Attributed to A.L. Tennyson,  
Motto for The Canadian Co-operator,  
Edited by George Keen, 1909-1946.

The Co-operative Union of Canada was organized in Hamilton in 1909 by six leaders of consumer co-operatives in Ontario and Nova Scotia.<sup>1</sup> For the next thirty years the Union, dominated by George Keen, one of its founders and its perennial general secretary, sought to unite and to expand the Canadian co-operative movement. In pursuing these goals, the Union tried to show that co-operation was something more than a technique for buying and selling produce; it tried to demonstrate that the movement could bring about the complete reformation of society and could introduce a utopian Co-operative Commonwealth. George Keen, Samuel Carter (president until 1921), and W.C. Good (president from 1921 to 1945) all thought that their primary task was to present a wider, nobler perspective to the Canadian farmers, labourers, and businessmen interested in co-operative enterprises. Thus, from 1909 to 1939, the Union executives devoted most of their time to educational activities, to integrating co-operative institutions, and to advising co-operators on co-operative business principles.

The most important characteristic of the Union between

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1. Hereafter, when desirable, the Co-operative Union of Canada will be abbreviated to Union or to C.U.C.

1909 and 1939, therefore, was its faith in co-operative philosophy. This philosophy espoused its own view of western civilization and led the Union leaders, like William Morris before them, to select the mediaeval period as the best of previous eras. In the view of George Keen especially, the Middle Ages possessed the great virtue of permitting individuals to work securely at their crafts within a society united by moral purpose. Reacting strongly to the compartmentalization of contemporary life, they sought to develop a synthesis in the modern age somewhat similar to that which had permeated mediaeval life.

The Union's leaders blamed the Industrial Revolution for the break-up of western civilization because they thought it had produced an excessive individualism, an unfair division between worker and owner, and, most importantly, a complete separation between consumers and producers. To restore the balance, Keen, Carter, and Good did not advocate that modern man return to the ways of life common before the Industrial Revolution; rather, they preferred that western civilization be reunited by a new moral purpose so that the products of the Industrial Revolution might be more equitably distributed. Thus, although they opposed the abuses of trusts, the men who founded the C.U.C. did not oppose the development of large economic units. Instead, they tried to marshal consumers in co-operative organizations large enough

to force all producers to adopt humanitarian policies and modes of behaviour.

The Union's leaders believed that the reforming purpose of co-operatives was particularly important in North America, where the cost of material progress had been particularly high. For Keen, Carter, and Good, North America had been founded by courageous pioneers who had left Europe because of the evils emanating from unjust systems of landholding and undemocratic forms of government. In building Canada and the United States, these pioneers had successfully avoided the landholding and political inequalities characterizing their homelands; but they had tragically permitted new injustices to emerge, injustices as evil as those from which they had fled.

The main cause of the new injustices was the emergence of huge economic empires unregulated by either government agencies or principles of common decency<sup>c</sup>. The political and economic systems developed to ensure that European conditions would not be reproduced in North America had been insufficient to cope with an increasingly complicated economy, a rapidly improving technology, and an unjust fiscal system; the result was that economic, political, and social power in North America had centred in the hands of a few unscrupulous businessmen, a process that had taken place during the nineteenth century. As George Keen wrote, much in the tradition of the muckrakers he doubtless read:

They [the robber barons] are able by the interlocking systems of trusts and combines, insurance companies and banks, organized by the great business and financial interests to borrow the farmers' and the wage-earner's savings and operate them at the owner's risk to the owner's disadvantage. Those great interests, in fact, exercise more extended powers than the land barons without that sense of responsibility the latter usually felt for their vassals.<sup>1</sup>

To redress the balance in North America and, especially, in Canadian society, the Union leaders looked to British precedence because they believed that Great Britain, through co-operatism, was on the verge of creating an ideally democratic state. Each development in the co-operative movement of the "Old Land" was studied carefully for the lessons it contained. In fact, so important was this continual preoccupation with British precedent that it became an important reason for the development and early growth of the C.U.C. The founders, when they met in Hamilton, looked upon themselves as local representatives of a movement which was destined to sweep the British world; they were, in effect, the outposts of a new empire to be formed by co-operative effort. For them, the idea of a universal "Co-operative Commonwealth", often referred to by such organizations as "the Round Table", had a special and enduring significance.

But above all, the Union's leaders were fascinated, in the early years, by the belief that Britain was rapidly

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1. The Canadian Co-operator, December, 1913, p. 13. Hereafter, footnote references to this periodical will be abbreviated to C.C.

approaching the Commonwealth. Keen and Carter both believed that the evolution of British common law, the emasculation of the power of the House of Lords, and the rise of the Labour party signalled the end of privilege in Great Britain. The only remaining vestiges of the old system were outmoded social privilege and unequal land ownership. And for Keen, especially, the unequal distribution of land was the most important of these types of abuses: as long as access to land was throttled by the hands of a few, he argued, agricultural production would be doomed to small crops, and workers would be denied the opportunity to engage in one of their traditionally most rewarding pastimes.<sup>1</sup> The British system of landholding, moreover, was the main cause of the social inequalities because the aristocracy had developed and was prospering primarily through its control of so much land. Owning land gave the aristocracy economic and social power, power that in turn was easily translated into political authority because of the continuing, though threatened, strength of the House of Lords. Thus, for the Union's leaders, the abolition of feudal land systems was the key to the final defeat of privilege in Great Britain.

Outside of that basic reform, the prospering British co-operative movement could be relied upon to introduce the remaining elements of social and economic democracy.

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1. C.C., November, 1910, p. 4.

Co-operative distribution societies, labour co-partnerships, co-operative housing organizations, and many other co-operative endeavours, if given continued freedom, would eventually result in improved diet, better housing, increased power, an ethical concern, and higher pay for most British labourers.<sup>1</sup> The Canadian leaders believed that co-operation could accomplish these aims because of their readings in the enthusiastic British co-operative press and because most of them were British immigrants who had benefited from the movement before immigrating.

The enthusiasm was also understandable in view of the amazing growth of British co-operatism in the early twentieth century. By 1910, British co-operatives had over ten million members, an annual trade of over \$500 million, a labour force of 100 thousand, and an annual surplus of \$60 million.<sup>2</sup> Indeed, so impressive was the growth of British co-operation that Keen was merely echoing a common prediction by boasting that Great Britain would soon be a completely co-operative nation.<sup>3</sup>

But the co-operative movement was more than a financial machine for George Keen, the Union's most important leader, and he could never ignore for long the moral and

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1. C.C., November, 1910, p. 4.

2. Ibid., February, 1910, p. 7.

3. Ibid., May, 1910, p. 10.

educational value of co-operatives to Great Britain. Like many Canadians made cynical by the well-publicized immorality of Canadian politics, Keen was impressed by the superior moral tone of Westminster politics. In part, he attributed this more elevating form of political activity to the sense of responsibility found among some British aristocrats--a responsibility often developed as a result of labours with British co-operators. For Keen, the superiority of British aristocrats was demonstrated when the Canadian Senate refused to pass a 1909 co-operative bill--a bill very similar to one the House of Lords agreed to in 1852. The Senate's action proved to him that Canada was really less democratic than aristocratic Britain:

In all things affecting society, trade and commerce the British democracy is supreme. In Canada, the so-called democracy counts for nothing on these subjects. It is under the iron heel of that modern abomination, an ostentatiously vulgar and uncultured plutocracy.<sup>1</sup>

Keen more frequently attributed superior public morality in Great Britain to the working classes. He looked back to the period when the aristocracy dominated Britain and found examples to prove that "graft and corruption was almost as common as it is alleged to be here."<sup>2</sup> It was only when the lower classes started to participate in government that honest reforms were made; only when labourers and farmers started to run for office that honest, cheap service was

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1. C.C., April, 1910, p. 9.

2. Ibid., October, 1909, p. 8.



given the public. And in the rise of the working man, it was the co-operative movement that provided the training and the knowledge necessary for electoral victories and political purity.

## ii

The most important practical lessons derived from the British experience came from the efforts of the Rochdale pioneers, twenty-eight working men who pooled £28 in 1844 and started a distributive co-operative. These men, directly influenced by Robert Owen and the Christian socialists, looked upon the store as the beginning of a many-faceted reform program. Eventually, they hoped to establish a self-supporting colony possessing a housing complex, a manufacturing co-partnership, a host of educational institutions, and a temperance hotel. The pioneers envisioned their colony as a model for numerous developments along the same lines, and they hoped that their experiments would lead eventually to a world-wide crusade.

The impact of the Rochdale pioneers upon later co-operators was remarkably strong and most significant. The movement's historians and philosophers in the twentieth century explored nearly every facet of the activities of the pioneers, eulogized them in countless pamphlets and books, and made their principles the commandments of the movement. As a result of this emphasis, men like Keen regarded

themselves as the spiritual descendents of the pioneers and as the perpetuators of the wider dreams of the men of Rochdale--the dreams that envisioned a total reformation of the social and economic basis of modern civilization.

The Rochdale pioneers were also significant to twentieth-century co-operators because they demonstrated successful reforming principles which could be applied immediately and in many varieties of activity. Perhaps the most important principle was one-man, one-vote. For the pioneers, the great aim of the movement was the extension of democracy into economic and social activities, and so they extended one vote to each investor in their enterprises, regardless of the amount of capital each had invested. This principle, it was hoped, would introduce economic democracy by eliminating the great weakness of capitalism: the unholy, irrational prestige and power of the investor.

The right to vote in a Rochdale-based society was extended to all shareholders, and any individual, regardless of race, creed, or colour, could join any type of society with the single exception of co-operative banks. This exclusive characteristic of credit societies developed because of the latter's emphasis on personal trustworthiness, and it became one of the differences between English-Canadian and French-Canadian co-operators. Leaders of the former movement saw co-operation as an all-engulfing philosophy and naturally preferred forms of co-operatives which would, in

principle, be open to everyone. French-Canadian leaders, on the other hand, saw the amassing of capital as the first step to a reform movement, and devoted most of their attention to banking co-operatives or credit unions.

Another feature of the Rochdale method was the principle of doing business at the market price. In distributive co-operatives, this principle was preferred to selling at cost because it insured that funds would be available at all times and because it permitted societies to demonstrate co-operatism's value in concrete terms. After operation costs, an allotment to reserves, and, ideally, a contribution to an educational fund, were deducted, whatever remained from the society's income could be distributed in the form of a dividend. The dividend was distributed on the basis of participation; in distributive societies the funds were given to members in proportion to the value of goods they had purchased. Non-members were usually given one-half the amount of the dividend extended full members as a means of encouraging their further participation and, hopefully, of inducing their complete affiliation with the society.

The educational funds of the co-operative endeavour were regarded by the more idealistic membership as being extremely important. In fact, the Rochdale pioneers originally contemplated, in the tradition of Robert Owen, using all "profits" for educational purposes. As practical reformers, and as workers requiring funds, however, they

eventually decided to apportion only two and one-half per cent of their profits to the spreading of their principles. Nevertheless, the urge to use more and more co-operative earnings for education remained alive, and men like Keen were never satisfied that the various societies were spending enough on educational activities.

The final important principle associated with the Rochdale pioneers was the elimination of credit whenever possible. The original reason for the avoidance of debt was that many early co-operative endeavours had floundered because of managers who had been too willing to extend credit to their friends. As the decades passed, moreover, the co-operative movement became a cautious form of business enterprise, and co-operatives seldom gambled by accepting huge present debts in hope of large future rewards. Thus, by the early years of the twentieth century, many co-operative leaders, including Keen, usually argued for economic restraint, balanced budgets, and cautious expansion.

## iii

The Rochdale pioneers were canonized and their principles were regarded as the corner-stones of the movement. They were not, however, idealized beyond recognition, and Keen, among others, recognized that there were some unfortunate aspects to the Rochdale approach. He saw, in particular, that the main allurements of the Rochdale method was

its dividend, not its ethics. He saw also that, the Rochdale technique was a retrograde step from the more elevated approach of Robert Owen because it rejected the communal ideal of owning in common nearly all goods and all land. Such a pragmatic approach, while regarded as being essential by Keen, was also recognized as being so only because man was still so short-sighted. As he put it: "the communal principle may be the ideal state of society, but it implies an ideal people prepared to practice it, and this type we have not, as yet, evolved."<sup>1</sup> Instead of the pure idealism of the mid-nineteenth utopian reformers, the Rochdale pioneers had postulated a practical form of collective individualism.

In the final analysis, the most important point about the C.U.C. leaders was that they subscribed to the spirit more than to the letter of the Rochdale principles. In the minds of men like Carter, Keen, and Good, the humanitarian motives of the co-operative movement became a passion that influenced most of their public, and many of their private, activities. Indeed, for them, co-operation, because of its organic approach to human activities, its enthusiastic optimism, and its insistence on "pure principles", approximated a religion. As the Union's work advanced in Canada, its motivating ideas were commonly referred to as

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1. C.C., December, 1913, p. 13.

a unified "social religion". As such, it attracted many followers who were primarily aroused by their religious consciences against the abuses of contemporary capitalism. Many co-operators connected with the C.U.C. can be seen as essentially religious men striving to establish, through co-operation, the teachings of Christianity as the basis of secular activity. Keen, a perfect example of the religiously-motivated co-operator, demonstrated the influence of Christianity upon co-operation when he wrote:

The Co-operative Movement will enable the one-day-a-week Christian to practice on the other six the moral virtues he teaches on the first day. It is consequently, the greatest auxiliary of the Christian churches.<sup>1</sup>

The generally religious motivation of the C.U.C. executives was apparent from the beginning. The motto they adopted for their organization--"Each for all, and all for each"--capsulized the concept of brotherhood they envisioned. All of them espoused a doctrine of self-abnegation, a type of puritanical self-sacrifice, whereby they donated their time freely, their followers accepted temporary set-backs for the good of the cause, and their various enterprises stoically accepted abuse from the "interests". Such suffering, it was argued, was good, in a way that most Christians could understand: it would provide the example by which countless thousands would be attracted to the movement. In

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1. C.C., May, 1910, p. 6.

fact, the leaders envisioned the period of martyrdom leading to a reawakening of ethical concern across the nation; a reawakening that would abolish false dealing by adopting<sup>1</sup> "the practice of truthfulness, justice, and economy."

Viewed in this wider context, co-operation, as a body of thought and a method of action, can be interpreted as reaching nearly every aspect of human activity. In the early twentieth century, in particular, the co-operative approach was being applied in countless ways, and it was to the forefront in British, European, and, to a lesser extent, American reform movements. It was concerned with many reform activities including slum clearance, the female vote, moral uplift, and political reform. It was, therefore, as much an "ism" as socialism or communism, and it demanded, as much as they, widespread change in contemporary western civilization.

The starting point of this wider co-operative approach, accepted by the Union's most important leaders, was Robert Owen's contention that man was primarily the creature of his environment. George Keen, in particular, took Owen's contention as fact and then proceeded to make a number of deductions. If man's problems were ultimately caused by the environment, then any significant reform could be instituted only by changing the environment through the

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1. C.C., October, 1910, p. 2.

promotion of "righteousness in our social and economic relationships."<sup>1</sup> The promotion of righteousness, however, was a remarkably difficult task--a task which experience had demonstrated could be accomplished only by applying the maxim of self-help. Just as the tendency to rely on self-proclaimed leaders had hindered political progress in the past, so the general inclination to submit to entrenched authority had perpetuated the social and economic domination of the many by the few.

To organize self-help on a viable basis, the founders of the C.U.C. emphasized the importance of cultivating a social awareness among the lower classes. In fact, they tended to emphasize the educational programs of the Union and to de-emphasize methods which would have developed pragmatically and rapidly the various distributive outlets. Thus, Keen, Carter, and Good generally rejected the large-scale promotional methods employed by many of their American co-operative contemporaries. Instead, the Canadian co-operators viewed their work in the following terms:

Our ambition...is to get Co-operators first and Co-operative stores will follow in due course. Our progress is not dependent upon the number of stores and the economic success realized in these pioneer days. The future of the Movement in Canada depends upon the extent to which we can convert the people to our great social religion.<sup>2</sup>

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1. C.C., March, 1911, p. 6.

2. Ibid., November, 1911, p. 4.



Inevitably, by emphasizing education, the Canadian co-operators were committing themselves to a long program of frequently disappointing work. Yet, despite the disappointments, the Union leaders rarely became disillusioned. The assumption that man was a creature of his environment mitigated against any long periods of doubt, and frequent contacts with the successful European co-operatives continuously brought encouragement. Indeed, faith in the ultimate world-wide triumph of co-operation sustained Keen, Carter, and Good throughout the period 1909-1939; the three men were always encouraged by the belief that they were part of a global movement that was making consistent progress elsewhere, if not in Canada.

In bringing about the new democracy the key organization was the local co-operative. Often consisting of only a dozen individuals, the co-operative was the nucleus around which the Commonwealth would develop. To George Keen, the local co-operative was, reminiscent of Christian monastic communities, a small world, part of the larger world and yet separated from it because of the membership's acceptance of lofty ideals. Within this little world it would be possible to eliminate the competition that blighted capitalism and to institute the new age by "the pooling of the judgment, know-<sup>1</sup>ledge, and experience of each for the benefit of all."

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1. G. Keen, Birth of A Movement (place of publication not given, und.), p. 21.

Because of the emphasis on developing proper attitudes within co-operative societies, Keen and his associates were inevitably caught up in strife on the municipal level. Because they believed that workers and farmers would lead the way into the Commonwealth, they had to find methods appropriate for arousing interest among the lower classes. They involved themselves, therefore, in a number of activities ranging from agitation for public ownership of essential services, through public entertainments, to study groups at local churches. All of these disparate activities were aimed at awakening an interest in group action and at organizing that interest into community programs. Thus, throughout most of the period 1909-1939, the Canadian co-operators did most of their work quietly in the small towns and in the countryside; by doing so they avoided depending upon either condescending upper class support or unreliable, dominating promoters.

iv

The emphasis upon developing small societies slowly but surely placed Keen, Carter, and Good solidly within the rank of what Professor Charles Gide has called the "mystic cooperators".<sup>1</sup> When Gide studied European co-operators he found their motivation to be derived from a variety of ideas ranging from Marxism to philanthropy. Of these many types

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1. C. Gide, Consumers' Cooperative Societies (New York, 1912), pp. 16-29.

of co-operators, only the mystic co-operator saw the co-operative society as an institution that could, in itself, completely reform society. All of the others saw co-operatives as a useful instrument to be exploited at a particular stage in human history; after that stage, new methods, such as state control or the introduction of a theocracy, would be necessary. The mystic co-operators, however, believed that within the co-operative framework could be developed all the virtues required for the progress of mankind.

Gide described their attitude by writing:

...they believe that each co-operative society which obeys the laws that it has made for itself constitutes a little world organized in conformity with justice and social benefit, and that it is sufficient to let it develop spontaneously, either by growth or imitation, to realize in the more or less distant future the best of all possible worlds.<sup>1</sup>

For the mystic co-operators, the first essential feature of the coming Commonwealth was the adoption of the principle of the just price. For them, the most evil predators were those who amassed fortunes by speculation or by exorbitant charges. Thus, in their co-operative societies, they insisted that all capital involved receive only a low, fixed rate of interest, and they prescribed that voting rights be related to personal involvement, not investment. Moreover, the co-operative leaders sought, in their distributive

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1. C. Gide, Consumers' Cooperative Societies (New York, 1912), p. 62.

societies, to eliminate middlemen who made fortunes in no way commensurate with their social utility. The fact that, on an international level, distributive societies were the most popular and most successful form of co-operation simply indicates the intensity of the movement's animosity toward speculation and unearned fortunes.

In the minds of the mystic co-operators, but especially in that of George Keen, the concept of the just price was a part of a wider goal, that of production for use. This concept necessarily involved a rejection of the capitalist tendency to create artificial markets, to develop tariff walls, and to charge the maximum prices for all commodities. In reacting to these abuses, the co-operators urged that the consumer have ultimate control in deciding what will be produced, what prices will be paid, and what methods of distribution will be used. As one of the most commonly abused economic activities was house-building, co-operators, including Keen, also attempted to stimulate co-operative housing, which could lower land and construction prices as well as give the public a chance to control housing developments completely. To overcome the exploitation of labourers, Canadian co-operators, notably Samuel Carter, hoped to establish labour co-partnerships whereby workers would own their businesses, operate them under modern working conditions, and develop their own forms of leadership. By sponsoring such activities, the co-operators hoped that eventually they

would control production and distribution in the interests of all.

Such was the approach taken by the Union when it was formed. Despite anguishing setbacks, perplexing problems, and changes in leadership, the Union did not markedly change its underlying commitments between 1909 and 1939. Nor did George Keen, the Union's most important leader, ever lose faith in the ultimate vindication of the Union's principles. He remained convinced that the ideas upon which the Union was based were adequate for the task of bringing together the co-operative enthusiasts of Canada. Ultimately, moral principles, not economic forces or political expedience, would usher in the Co-operative Commonwealth.

CHAPTER TWO  
THE UNION IS FORMED

For a generation or more the North American continent has been the happy hunting ground of parasitical interests in industrial life. Firstly we have the protective tax, then the merger, and then the trust or monopoly. Both as a producer and consumer has the worker been taxed for private profit. The "interests" which enjoy these huge unearned emoluments, have burrowed themselves into the political life of the United States and Canada to such an extent that Republican and Democratic, Liberal and Conservative governments have alike, in a greater or lesser degree, become subject to their secret and malign influence.

George Keen,

C.C., September, 1911, p. 4.

In this young country, which had the good fortune to start on its national career without the barnacles of feudalism, the fact is urged upon us that there is equality of opportunity for all. A fundamental weakness in the human mind and character is to gravitate to extremes so that principle is generally interpreted as being "Each man for himself and may the devil take the hindmost."

George Keen,

C.C., October, 1910, p. 3.

The Union was formed at a time when many Canadians were interested in the co-operative movement. The late Laurier years witnessed growing uncertainty in Canada caused by the rising cost of living, growing regional tensions, debates over the imperial relationship, the depression of 1907, and the problems of urbanization. Amid the uncertainty, many Canadians turned to co-operation, hoping that it would provide cures for some of the problems. Of the co-operative groups formed by these concerned Canadians, four were particularly important to the Union: the consumer societies in Cape Breton; the Prairie marketing organizations; the distributive co-operatives in urban Ontario; and the upper-class humanitarians in Ottawa.

The Nova Scotian co-operators had the longest, continuous experience with co-operative endeavours. Historically, their first society--and probably the first true co-operative in Canada--was the Union Association Co-operative of Stellarton. Established in 1861, it survived numerous hardships until it was forced to close in 1915 by adverse economic conditions. Its success was primarily attributable to the unstinting efforts of James Mitchell, a British-trained co-operator who managed the store from 1876 to 1914. While Mitchell was in charge, Stellarton had a stable society that

usually dispersed annually over four thousand dollars to two hundred shareholders;<sup>1</sup> after he left, the society, lacking efficient management and enthusiastic leadership, disintegrated on the shoals of the first economic crisis.

Another Nova Scotian town that strongly supported the movement was Sydney Mines. Its first society, established in 1863, withstood strong competition until forced to close because of a fire in 1905. One year later, the British Canadian Co-operative Society was organized, and it expanded to become, within ten years, "the largest and most successful retail society...in North America."<sup>2</sup> By 1909, the Sydney Mines store had over 300 members and was returning over \$8,000 in dividends; ten years later, it had over 1,600 members and was annually returning more than \$9,300 on a turnover of \$750,000.

During the last four decades of the nineteenth century at least nine other societies were established in Nova Scotia, most of them during the late eighties and early nineties.<sup>3</sup> Unlike the two mentioned, they all failed soon after being formed primarily because of the inability of the various promoters to recognize the importance of

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1. "Co-operation in Canada", undated memorandum, The Co-operative Union of Canada Papers, Public Archives of Canada, vol. 12, 1913 MY: file "U". Henceforth, all footnote references to these papers will be abbreviated to C.U.C.

2. Ibid.

3. Ibid.



reserve funds.<sup>1</sup> Reserves were particularly important for societies in the coal mining areas because relocation or strikes could create crises only surmountable if a society could survive indefinitely without income.

During the early years of the twentieth century, there was a recurrence of co-operative activity in Nova Scotia. In the town of Dominion during 1902, and in Glace Bay during 1905, groups of miners organized societies as a means of escaping the profiteering of company stores.<sup>2</sup> With the relative prosperity of the mining camps in this period--prosperity built essentially upon the railroad boom--the new stores prospered. In fact, in 1909, when the C.U.C. was formed, Glace Bay was in a stronger position than Sydney Mines: it had a larger membership, larger reserves, and larger total sales. Difficulties in the local mines and a series of calamities, however, eventually weakened the position of the Glace Bay store, and it lost its position of pre-eminence in the Union soon after 1909.

The Nova Scotian societies played only a minor role in the creation of the Union. For most of their members, local problems were of overwhelming significance, and few could see a need for a national organization.<sup>3</sup> The exceptions

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1. C.C., November, 1912, p. 13.

2. Ibid.

3. C.H. Ayer to George Keen, December 4, 1914, C.U.C., vol. 13, 1914 AM: file "G".

were a few individuals serving on the executives of the four main societies. These individuals, typified by A. McMullen of the Dominion store, tried to gain support for the Union among the Nova Scotian societies, but succeeded only in gaining comparatively small financial donations. Most Nova Scotia miners, often suffering from an acute shortage of funds themselves, could see no point in sending large amounts of money to unknown enthusiasts in the widely distrusted "Upper Canada".

The co-operative experiments on the Prairies prior to 1909 had even less impact upon the Union's formation, but they indicate the widespread interest in the movement, and they were ultimately to be of vital significance. According to some observers, co-operation, in an unorganized fashion, had been a characteristic of the Prairie region since pioneer days. Indeed, homesteading had been so rigorous and demanding that nearly every homesteader had been forced to work with neighbours in constructing buildings and in purchasing supplies. These traditions lingered in the West, and they added much to the rhetoric upon which the co-operative movements of the twentieth century were based.

But the most important reason for the emergence of co-operative or semi-co-operative institutions on the Prairies during the early 1900's was the economic plight of most grain growers. The grain trade mushroomed after 1896 because of railroad construction, increased immigration,

better marketing technique, and improved strains of wheat; but it had grown, so it was widely believed, for the obvious benefit of the grain dealers, the bankers, manufacturers, and railroad owners and not for the primary benefit of the farmers. Within the existing system the most glaring inequalities were associated with the methods of marketing grain, and it was to reform those methods that many farmers turned first to co-operation. In later years, with the profits arising from co-operative marketing, they would turn to other forms of co-operation in an effort to meet needs abused or ignored by the traditional banking institutions, the farm machinery industry, the wholesalers, and the retailers.

Agitation against the existing marketing system led to the creation, in 1901, of the Territorial Grain Growers Association.<sup>1</sup> Unlike earlier agrarian organizations, which had tended to be educational and uplifting in the best Victorian traditions, the new association had the specific tasks of lobbying against railroad and grain merchant organizations. It was frankly economic in purpose and devoted to improving the position of the farmer in the grain marketing process. This pragmatic orientation remained a feature of the western agrarian movement in the succeeding decades

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1. Hereafter, Territorial Grain Growers Association will be abbreviated, when desirable, to T.G.G.A.

despite the emergence of the occasional idealist. That was one reason why the Union was slow to develop real interest in the agrarian movements on the Prairie; it was also a reason why the Union, dominated by mystic co-operators, found expansion difficult when its leaders did become interested in the region.

The movement started by the formation of the Territorial Grain Growers spread to Manitoba in 1903 when a group of farmers near Virden formed the Manitoba Grain Growers Association. In 1906, a year after the T.G.G.A. had become the Saskatchewan Grain Growers, the Alberta Grain Growers was organized in the foothill province. The latter organization amalgamated with the Alberta Society of Equity in 1909 to form the United Farmers of Alberta.<sup>1</sup> All of these organizations had the common purpose of uniting the farmer, sanctifying his calling, developing his political power, and protecting his economic interests.<sup>2</sup>

The most important co-operative-influenced business developed before the war to advance the farmers' needs was the Grain Growers Grain Company.<sup>3</sup> This institution, soon to be dominated by a series of shrewd businessmen, was started in

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1. Hereafter, when desirable, the United Farmers of Alberta will be abbreviated to U.F.A. and the Saskatchewan Grain Growers Association to S.G.G.A.

2. W.L. Morton, The Progressive Party in Canada (Toronto, 1967), pp. 10-11.

3. Hereafter abbreviated, when desirable, to G.G.G.

1906 by E.A. Partridge, a predecessor of George Keen in his idealistic devotion to the vague notions of Ruskinian and Christian socialism. A brilliant orator and a natural leader, Partridge led the fight for the G.G.G., a farmer-owned business, against the wheat merchants of Winnipeg. His strong personality, along with successful legal struggles with the merchants and the timely assistance of the Scottish Co-operative Wholesale Society, eventually earned a position for the G.G.G. within the grain trade of the early twentieth century.<sup>1</sup>

The G.G.G. had some aspects of a co-operative organization partly because Partridge knew a little about the movement and partly because co-operative techniques were generally popular throughout North American agriculture. It insisted upon a one-man, one-vote system regardless of the amount of capital invested by any individual, and it promised patronage dividends as soon as possible.<sup>2</sup> Most importantly, many men involved in the new organization believed they were following the co-operative tradition because they emphasized the necessity for farmers organizing on a self-help basis to further their own interests. The same leaders, notably Partridge, and, later, G.F. Chipman and C. Rice-Jones, were

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1. See R.D. Colquette, The First Fifty Years, A History of United Grain Growers Limited (Winnipeg, 1957), pp. 17-56.

2. W.A. Mackintosh, Agricultural Cooperation in Western Canada (Toronto, 1924), pp. 21-23.

sympathetic to the movement as it had developed overseas and believed they were within the tradition of European co-operation.

From the beginning, however, there were many observers who rejected the G.G.G.'s claim to being a genuine co-operative. These critics thought that the company was far too willing to become a part of the Winnipeg Grain Exchange wherein sat most of the traditional exploiters of the western farmers. For them, after the G.G.G. had won the right to sit on the exchange, it had become much like the other grain companies, profiting from speculation on the market, amassing huge profits, refusing to employ patronage dividends, and failing to limit sufficiently the interest paid on capital. Above all, they criticized the G.G.G.'s willingness to support the open market system, a system which subjected the sale of grain to control by the merchants and general economic conditions and not to the best interests of the grain producers.<sup>1</sup>

The question of the orthodoxy of the G.G.G. was an undercurrent in the development of the farmer-controlled grain trade until the 1920's when it became a major issue in the western co-operative movement. One reason why the challenge did not rise to serious proportions earlier was

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1. See W.L. Mackintosh, Agricultural Co-operation, pp. 90-105 and V.C. Fowkes, The National Policy and the Wheat Economy (Toronto, 1957), pp. 203-205.

that the G.G.G. became a remarkable success within a few years, thereby appearing to meet the most pressing problems of the western farmers. Between 1907 and 1912 its shareholders increased from 1,800 to over 27,000 and its share of the grain trade mushroomed from 2,340,000 bushels to nearly 28,000,000 bushels.<sup>1</sup> In 1908 the company started to publish The Grain Growers Guide, a journal that quickly became the spokesman of the organized farmers on the Prairies. In 1912 the company secured a terminal at Fort William and took over elevators that the Manitoba government had briefly and unsuccessfully operated for the farmers. In the same year, the company began supplying farmers with feed and other commodities, extending the service to include machinery in 1914. To make these enterprises profitable, the company entered into an extensive and successful campaign for new markets in Eastern Canada and Great Britain.<sup>2</sup> The first efforts of the organized farmers of the Canadian West were an immediate and significant success.

But, for the Union, the western developments were remote and of little value: the men behind the C.U.C. were not opposed to the adaptation of co-operative techniques to agriculture, but they were obsessed with consumer co-operation and primarily concerned with Southern Ontario. The

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1. R.D. Colquette, The First Fifty Years, p. 67.

2. Ibid., pp. 97-98.

western movement, torn by its own internal tensions, would go its own way, developing its own regional and occupational viewpoints, until the Union would belatedly try to synthesize it within the national and international movements. In 1909, this effort by the Union was far in the future, and the founders could hardly have been more ignorant of Prairie interest in co-operation.

The spark behind the Union's formation emanated essentially, therefore, from co-operative leaders in Central Canada. Like their counterparts in other regions, the Central Canadian leaders were working in an area that had seen co-operative efforts in the past by both farmers and labourers. The most popular forms of co-operative activity among farmers had been the creation of creameries and cold storage facilities for the fruit industry. Both the Grange and the Patrons of Industry encouraged these co-operative enterprises; <sup>1</sup> but, unfortunately, they did not pattern their activities after the principles of the international movement; the result was that the farmer societies that emerged usually followed only some of the rules emphasized by mystic co-operators. Thus, though they represented some potential for future growth, the Central Canadian agrarian societies were regarded suspiciously by the Union's founders, and no

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1. E.A. Forsey, "Unions and Co-operatives" in J.M.S. Careless and R. Craig Brown, The Canadians (Toronto, 1967), pp. 486-487.



agrarian leaders were invited to the C.U.C.'s founding Congress.

Similarly, various national organizations of labourers had experimented with co-operation, but none of these experiments played a role in the formation of the Union. Each of the organizations which attempted to gain nation-wide power in labour circles--the Canadian Labor Union, the Knights of Labor, and the Trades and Labour Congress<sup>1</sup>--championed co-operation, but their efforts, on a national level, had accomplished little by 1909. Nevertheless, the interest shown by the national trade union leaders, like that demonstrated by Central Canadian agrarians, represented considerable potential for Canadian co-operators; indeed, the Union's establishment can be explained, in part, as an organized effort to take advantage of the enthusiasms of the labour and agrarian movements.

Although the national labour bodies had not directly stimulated successful co-operative enterprises, they had popularized the movement and had encouraged local bodies of trades unionists to create their own co-operatives; some of these offshoots, located in Central Canada, were primarily responsible for the Union's formation. In Guelph, during 1904, a group of labourers, protesting the high food and fuel costs

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1. Hereafter, when desirable, Trades and Labour Congress will be abbreviated to T.L.C.

through the local Trades and Labour Council, had attracted the help of Samuel Carter, a local manufacturer. With him as leader, the Guelph workers developed a co-operative store, and, by 1909, they possessed their own bakery, had organized their own fuel distribution centre, and were planning expansion into several new activities.<sup>1</sup> Similarly, the society that had emerged in Brantford by 1909 was the result of agitation by labourers and of support by the local Trades and Labour Council. Thus, the trades union movement, if it had not developed national co-operative programs, it had provided the movement with valuable nuclei for the development of societies in industrial towns.

The interest in co-operation which sparked the formation of the C.U.C. was also related to consumer discontent and to a general humanitarian concern for contemporary abuses. Discontent on the part of consumers became increasingly obvious as a number of factors coalesced to force the cost of living upward. The inflationary trend was obvious by 1906,<sup>2</sup> the same year in which co-operative societies were formed in Brantford and Sydney Mines. In Toronto, Professor Mavor of the University of Toronto estimated that food prices were sixty-four percent higher than they had been a decade earlier.<sup>3</sup>

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1. C.C., November, 1912, pp. 15-16.

2. Canadian Annual Review, 1907, p. 59.

3. Ibid., p. 60.

During 1906, costs further increased eighteen percent, eliciting strong protests from consumers and an investigation by The Toronto Globe. In its probings, The Globe added to the general dissatisfaction by establishing that the retailers were deriving increasingly higher profits from their labours. Investigations by other newspapers revealed the same pattern across the nation,<sup>1</sup> and, as a result, some dissatisfied consumers became leaders for distributive societies which appeared between 1906 and 1914. In particular, consumer dissatisfaction was a prominent characteristic of the societies responsible for creating the C.U.C.

The fourth group of enthusiasts--the humanitarians and social reformers in Ottawa--did not play a direct role in the founding convention, but they did much to stimulate interest in co-operation at the time of the Union's development. The foremost humanitarian was Earl Grey, the Governor-General. An enthusiastic supporter of many causes, Grey was an advocate of co-operation prior to coming to Canada. In the 1880's and 1890's, he had encouraged co-operation on his estates, and, with the aid of the co-operative leader, William Maxwell, had organized stores and a housing project for his workers.<sup>2</sup> He became president of the International Co-operative Alliance, the international co-operative organization,

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1. Canadian Annual Review, 1910, pp. 198-301.

2. C.C., May, 1911, p. 3.

and held that position while he was Governor-General. He also maintained his interest in co-operation while in Canada by testifying on its behalf before a parliamentary committee,<sup>1</sup> by sponsoring speakers from Great Britain,<sup>2</sup> and by arousing an interest in co-operation among a number of Canadian leaders.

One of the leaders in whom he sought to develop an interest was William Lyon Mackenzie King, a frequent visitor to Government House. Grey's attempt to make King an enthusiastic co-operator was greatly assisted by the sympathy King already possessed for the movement. In 1900, shortly after his education in Toronto and Chicago had made him aware of the problems of the urban poor, King had gone to Great Britain where he had an opportunity to compare various methods of alleviating the socially and economically dispossessed. His religious, social, and intellectual background led him to reject the various forms of socialism then spawning the Labour party, and inevitably attracted him to co-operation. In particular, his tendency to view the world in moral terms and to hope for the advent of a form of Christian brotherhood was very similar to the basic outlook of the co-operators. He was also attracted by the amazing

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1. See pp. 49-50.

2. C.C., June, 1911, p. 5.

practical success of the British movement. He was aware of the fifty years of dividends returned by British co-operatives, and he enthusiastically seized the chance to see a vigorous British co-operative in action. On January 27, 1900, he attended a meeting of British co-operators and "was astonished to hear what many of the societies [were] doing...."<sup>1</sup> At the same time he was impressed with the ability of British co-operators to take the wider view of industrial disputes and to sympathize with the plight of both labour and management. To a man preoccupied with industrial unrest, this reasonable approach offered much because it placated the owner and gradually aided the worker:

Cooperation has in it all the virtues claimed for Socialism, without its defects, it is individualistic, all self help, self initiative, and self dependence, no govt. protection, I am greatly taken with the movement as the best thing yet to put the working class on a high level, to make them good citizens and men, and to raise them above the plane of industrial strife which destroys and enslaves.<sup>2</sup>

When King returned to Canada, he at first tried to aid the development of co-operatives. He was an outspoken supporter of the movement during hearings of a 1906 parliamentary committee on co-operatives,<sup>3</sup> and when he joined the

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1. King's Diary, January 27, 1900, as quoted in R.M. Dawson, William Lyon Mackenzie King, A Political Biography, 1874-1923 (Toronto, 1958), p. 89.

2. Ibid.

3. See pp. 50-51.

civil service and later the cabinet, he encouraged the Department of Labour to foster co-operative development. In particular, King gave a comparatively free hand to the co-operative enthusiasm of R.H. Coats, one of his assistants, and, from 1909 to 1911, an executive of the C.U.C.

Another prominent Ottawa resident interested in co-operation was Alphonse Desjardins, the official reporter of debates for the House of Commons. Desjardins had become interested in co-operative banking in 1898, when he listened to a parliamentary debate that exposed the problems encountered by working people trying to secure loans through legitimate channels. Convinced that adequate access to credit facilities would greatly help Canada's poor, Desjardins began to study co-operative credit societies that had developed in Germany and especially in Italy. In Levis, Quebec, during 1900, Desjardins opened a credit society, called Caisse Populaire, patterned on European models.<sup>1</sup> As the Levis society prospered, Desjardins broadcast its success among many people in Ottawa, started to lobby for federal laws, and planned the establishment of a wide-based co-operative movement in French-Canada.

Behind Desjardins' activity was the same type of religious humanitarianism which permeated the attitudes of

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1. M. Clements, By Their Bootstraps, A History of the Credit Union Movement in Saskatchewan (Toronto, 1965), pp. 18-20.

Grey and King. Desjardins was continuously concerned with what he thought was a declining morality in French-Canada. Blaming widespread poverty for the emergence of slothful habits, dishonesty, and pariochialism among the poor, he hoped to produce a social revolution by improving the general standard of living. Co-operative credit societies, he believed, would provide the cure, by demonstrating that punctuality, sobriety, and a good moral character were obvious assets to every citizen.<sup>1</sup> Thus, each year, he devoted months of his time to the careful study of European precedents, the conversion of parliamentarians to co-operation, and the assistance of emerging credit unions.

The men who formed the Union in 1909 were aware of the enthusiasm of the Ottawa humanitarians and social reformers; indeed, the Union was partly a result of the publicity given the movement by the Ottawa group. Grey, King, and especially, Desjardins had aroused considerable interest in the movement, and the Union was envisioned as a means of encouraging that interest and ultimately of amalgamating it with other varieties of co-operative enthusiasm. None of the founders in 1909, however, realized the complexity involved in fulfilling these ambitions. Transforming the good intentions of the humanitarians into real economic and political power proved to be the most frustrating task of the Union's

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1. Government of Canada, Minutes of Evidence of the Special Committee of The House of Commons on Industrial and Co-operative Societies (Ottawa, 1907), pp. 3-4.

early years; amalgamating the varieties of co-operative enthusiasm became the often glimpsed but never grasped Holy Grail of its history. Yet in 1909, the outburst of interest in co-operation augured well for the C.U.C., and it seemed as if an integrated Canadian movement could be speedily developed.

## 11

The most influential and promising co-operative experiment developed by the four groups of enthusiasts before 1909 was the Quebec-centred Caisse Populaire movement. Building upon the nationalist sentiment that made Bourassa's rise possible and using an awakening French-Canadian Catholic social conscience, Alphonse Desjardins had developed a well-organized, effective, lower-class movement. Using the strength of this movement and his own prestige in Parliament, he had awakened some Canadian parliamentarians to the possibilities of the movement and to the need for sound co-operative legislation. Single-handedly, he had begun the first attempt to produce an organized Canadian movement under the protection and encouragement of the federal government. In a fragmented country like Canada, Desjardins' centralist emphasis had considerable merit as it would have ensured uniform encouragement for co-operation across the country and uniform legislative requirements for co-operative institutions. Above all, the centralist approach would have



made it easier for co-operators to pool their resources in a common cause.

The agitation for federal co-operative legislation became a contentious issue in Canadian politics during the Laurier years. Between 1906 and 1909, frequent debates and a special committee of the House of Commons had been devoted to co-operation by Ottawa politicians, and several Liberals and Conservatives had pledged their support to the movement. In 1909, it seemed as if these political enthusiasts would be able to give the movement life by providing both necessary legislative support and valuable government assistance. The politicians and the enthusiasts advocating parliamentary aid for the movement believed they would easily achieve their goals because they thought their case was eminently reasonable. The government of a steadily more complex society, after all, could not long resist a reforming movement which emphasized gradual change and moral improvement. Especially should this be so in a Parliament led by the members of the Liberal party: traditionally, liberalism in both Great Britain and Canada supported co-operatism, approving, in particular, its gradualist and anti-revolutionary tendencies.

The struggle for co-operative legislation had a three-year history when the Union became active in the spring of 1909. The struggle began on April 23, 1906, when F.D. Monk, a Montreal Conservative, rose to introduce a co-operative

bill prepared by Alphonse Desjardins.<sup>1</sup>

After commencing his plea for the bill by referring briefly to the history of the movement, Monk tried to show its inoffensive nature by listing the names of its more illustrious and respectable adherents, including Earl Grey, the Duke of Argyle, and John Stuart Mill. He also recalled that in the past Canadian politicians had demonstrated a sympathy for co-operative endeavours: in 1885, though no bill was passed, even John A. Macdonald had demonstrated enthusiasm for the movement, and a bill had been seriously considered.<sup>2</sup>

Monk's bill of early 1906 was solely concerned with the development of co-operative banking institutions. In part, the narrow approach of his bill can be explained by the lack of demand for consumer societies in Canada in 1906: the first distributive co-operatives established since the various farmers' organizations were just commencing operations in Ontario, and their Maritime counterparts were immature and isolated. The economy, moreover, was still healthy, and most Canadians were still basking in the prosperity of the best Laurier years.

Another reason for Monk's exclusive concern for credit unions was his and Desjardins' preoccupation with European

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1. Debates, House of Commons, 1906, vol. 1, pp. 1841-52.
  2. Debates, House of Commons, 1885, pp. 115-116.

co-operative movements, movements which did not emphasize consumer societies as much as did the British movement. His bill contained several features prevalent in the European banking movement: a cheap process of incorporation; the adoption of the one-man, one-vote principle; the right for credit societies to exclude undesirable persons; the elimination of vote by proxy; the extending of loans to members only; and the necessity of providing for the establishment of reserve funds.<sup>1</sup> Thus Monk envisioned establishing banking co-operatives that would be self-supporting entities, independent of government aid, and dependent upon local initiative. Such organizations, he hoped, would permit farmers and labourers to live independently in comfort, dignity, and prosperity.

Like many bills presented by private members, Monk's bill did not proceed beyond the first reading. It did, however, establish a claim for both the validity and necessity of federal legislation.<sup>2</sup> He claimed validity because of the federal government's control over financial matters, including the types of banking activities which he and Desjardins hoped to encourage. He claimed that federal control was necessary because European precedents had proved that co-operation, once begun, expanded rapidly on a national basis.

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1. Debates, House of Commons, pp. 1849-50.

2. Ibid., p. 1852.

Obviously, any movement with national purposes would best be controlled by the national government.

On November 26, 1906, Monk introduced another co-operative bill as the second bill of a new session.<sup>1</sup> He made pleas similar to those made earlier in the year, except that he placed stronger emphasis<sup>2</sup> on the social effects of co-operative enterprises. Monk, like many M.P.s, was becoming increasingly concerned about labour unrest in North America and Europe. He stressed to the M.P.s, therefore, that Parliament had to pass co-operative legislation before the rising masses forced the enactment of "legislation of a more communistic tendency."<sup>3</sup> To prove his point, he drew attention to a bill then before the French Parliament advocating that workers share in the profits of all business enterprises. Unless the working classes were allowed access to capital, Monk believed, Canadian politicians would soon be considering similar legislation.

Once introduced, Bill Number Two was caught in a political tug-of-war. Opponents, given warning by Monk's earlier bill in April, vigorously argued their case publicly in newspapers and privately in the office of parliamentarians.<sup>4</sup>

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1. Debates, House of Commons, 1906-07, vol. 1, pp. 89-90.

2. Ibid., p. 592.

3. Ibid.

4. For series of telegrams, see Laurier Papers, Public Archives of Canada, vols. 510 and 511. Henceforth, referred to as Laurier Papers.

The main opponents of the bill were members of the Retail Merchants Association, an organization strongly opposed to distributive co-operatives.<sup>1</sup> Their fears were aroused because Monk's second bill, unlike his first effort, contained provision for the establishment of all forms of co-operative societies. The retail merchants were led by: J.A. Beaudry of Ottawa, the dominion treasurer; W. Moyer, Toronto, the Ontario treasurer; and especially, E.M. Trowern, the dominion secretary from Toronto.

The most vigorous supporters of the bill, as of later co-operative legislation, were Monk, Mackenzie King, a number of M.P.s from French-Canada, and a few parliamentarians from English-Canada. Outside of Parliament, there was no co-operative organization to lobby effectively for the bill. The C.U.C. was over a year away from birth, and Desjardins' Caisse Populaire movement had only its leader to defend it. Even the trades union movement would not exert significant pressure: its leaders were preoccupied with other problems such as shorter hours, immigration, and strikes, which, at the time, seemed more important. Thus, the battle was an uneven one from the beginning.

In lobbying against Bill Number Two, the Retail Merchants Association tended to use the cutlass rather than the rapier. The merchants concentrated their lobbying upon

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1. Hereafter, when desirable, abbreviated to R.M.A.

Rodolphe Lemieux, the Minister of Labour and Postmaster-General, and Wilfrid Laurier, the Prime Minister. Montreal and Toronto merchants, in particular, wrote many letters to the two men throughout 1906 and 1907;<sup>1</sup> and, in their appeals, never worried about being blunt or repetitious.<sup>2</sup> Usually, they started out on a lofty enough plane by claiming that their primary concern was the protection of the working-man. They maintained that the bill, if passed, would permit packs of scoundrels to wander throughout the country swindling the savings of working-men. In this argument, they were apparently sustained by the fraudulent co-operative societies which had already appeared and by the fact that little was known about co-operative enthusiasts outside Parliament.

The merchants also argued that co-operation, instead of acting as a palliative for social unrest, would foment lower class dissatisfaction. The utopian characteristics and attractive promises of co-operative idealists would lead workers to believe that the mere acceptance of co-operative principles would quickly and painlessly produce the

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1. For examples, see Laurier Papers, Public Archives of Canada, vols. 455, 458, and 461.

2. The following summation is based essentially on the following letters in the Laurier Papers: W. Moyer to Laurier, March 15, 1907, vol. 455, pp. 122485-87; J. Eadie to Laurier, March 26, 1907, vol. 458, pp. 123180-81; and E.M. Trowern to Laurier, April 18, 1907, vol. 461, p. 24182.

Co-operative Commonwealth. In fact, the merchants argued, the co-operative method was unbusinesslike and would produce frustration leading to riot, murder, and arson.

The merchants also suggested that co-operation was unfair because it discriminated against the retailers, men who, generally, were not prospering under existing conditions. "Is it not", wrote W. Moyer to Laurier "a well-known fact that the retail merchants as a rule receive less for their labor and investments than any other class, and are therefore not over-charging the people?"<sup>1</sup> This complaint about poor remuneration had some validity, but not because of co-operatives. The retail businesses were beginning to suffer as the large mail order stores started to encroach on their business. In fact, the fanatical attack of the R.M.A. might well be seen as a frustrated reaction to the growth of such stores as Eaton's and Simpson's against whom they could do little but wail.

The final, and, so they believed, most powerful weapon the merchants utilized was a political threat. Many merchants, notably W. Moyer and J. Eadie, were staunch Liberals and maintained they wielded considerable political influence. In fact, Moyer wrote to Laurier:

As the bill is a direct blow at the retail merchants they are naturally opposed to it, and with the influence they have all over the country, its passage through the

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1. W. Moyer to W. Laurier, March 15, 1907, Laurier Papers, vol. 455, p. 122486.

House would mean certain defeat to the Government at the next election.<sup>1</sup>

Despite the warnings of dire political consequences, the Liberal party, for the sake of its publicized interest in the lower classes, could not afford to defeat Monk's bill summarily or to ignore it indefinitely. As a means of establishing the merit of the bill, of giving an opportunity for the various interested parties to speak, and, perhaps, of postponing a decision on it, the Liberals decided to refer the measure to a special parliamentary committee during late 1906. The committee's chairman was Rodolphe Lemieux, and its more prominent members were Henri Bourassa, F.D. Monk, Alphonse Verville, and A.B. Aylesworth. It started its hearings in early December, 1906, and submitted its findings on April 11, 1907.

The committee called upon eleven witnesses, the majority of them supporters of the movement. Alphonse Desjardins was the first called and perhaps the most impressive co-operative spokesman of all. After presenting a complete, concise, summary of the Caisse Populaire movement,<sup>2</sup> Desjardins

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1. W. Moyer to W. Laurier, March 15, 1907, Laurier Papers, vol. 455, p. 122495.

2. Government of Canada, Reports of the Special Committee of the House of Commons to Whom was Referred Bill No. 2 an Act respecting Industrial and Co-operative Societies (Ottawa, 1907), pp. 3-18.



described the co-operative banks of Europe, and showed how they could be applied in Canada. He emphasized particularly how co-operative banking could teach the poor the value of thrift and pointed to his experience at Levis to prove his case. He believed that he had started the reformation of French-Canada through the Caisse Populaire movement, and he pleaded for the opportunity to start the same process throughout Canada.

The most illustrious witness to appear before the committee was the Governor-General, Lord Grey. At that time, Grey was the president of the International Co-operative Alliance, and he testified in that capacity, advising on the general value of co-operation. He reported enthusiastically on the movement in Europe and also on Desjardins' <sup>1</sup> Levis bank which he had visited sometime earlier. His summary of the movement in Great Britain and on the European continent was very complete, containing numerous statistics and a special commendation of co-operative housing. Because of his position as Governor-General, he made no specific comments on Bill Number Two, but he did read a letter on the 1906 Bill written by Henry Wolff, the foremost British authority on co-operative banking. Wolff's suggestions,

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1. Government of Canada, Reports of the Special Committee of the House of Commons to Whom was Referred Bill No. 2 an Act respecting industrial and Co-operative Societies (Ottawa, 1907), pp. 89-104.

all concerning minor details, were incorporated into later bills.

The witness whose comments attracted the most attention in later days was W.L. Mackenzie King, then Deputy Minister of Labour. King referred to his own interest in co-operation, and he read excerpts from his diary to demonstrate how enthusiastic he had been about the movement when he had been in England. Most of his testimony, however, was devoted to a survey of the Canadian movement, a survey made possible<sup>1</sup> by work already undertaken by the Department of Labour. He described the various types of co-operatives that had emerged, naturally emphasizing the distributive organizations developed in such labour towns as Guelph and Sydney Mines.

King pointed, with considerable pride, to his own attempts at stimulating co-operation in Canada. During July, 1904,<sup>2</sup> King was involved in settling a labour dispute in Sydney, Nova Scotia, and he had suggested a co-operative store to the strikers as a means of improving their standard of living. As a result, so he believed, the miners of Sydney had developed their own society which had been:

...the means of helping the workingman to appreciate the difficulties of the capitalist, as well as a means

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1. Government of Canada, Reports of the Special Committee of the House of Commons to Whom was Referred Bill No. 2 an Act respecting industrial and Co-operative Societies (Ottawa, 1907), pp. 75-88.

2. R.M. Dawson; William Lyon Mackenzie King, p. 120.

of enabling them to meet some of the difficulties with which they had to contend themselves. There is that great feature, it seems to me, in connection with co-operation which makes it specially important in considering the relations of labour and capital. It teaches the working classes something of the responsibilities of capital, the risks that capital has to take; it familiarizes them with matters of trade, the kind of management that is required, the kind of skill that is necessary to enable business to be carried on profitably and satisfactorily; it teaches them the possibility of the losses of stock through fire, and the like, and also the difficulty of retaining customers. In every way it is as educational as it is possible for a movement to be, and naturally, when workingmen come subsequently to deal with an employer and he begins to explain matters of this kind to them, they have an intelligent appreciation of what he is endeavouring to convey.

...In that way the co-operative movement certainly is a strong factor towards solving the vexed problem of industrial strife.<sup>1</sup>

King's belief that co-operation would promote harmony between Canadians was directly contradicted by E.M. Trowern and J.A. Beaudry, both members of the Retail Merchants Association.<sup>2</sup> Repeating the arguments they had used in trying to sway Liberal leaders, they argued that the bill would create chaos by encouraging criminals to delude working men and by destroying the stability of Canada's business community. Their arguments, tortuous, imprecise, and illogical, were frankly based on an appeal for their own interests. Basically, they demanded sympathy for the smaller retail

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1. Government of Canada, Reports of the Special Committee of the House of Commons to Whom was Referred Bill No. 2 ..., pp. 79-80.

2. Ibid., pp. 53-70.

traders who were already in enough difficulty because of the emergence of the large mail-order stores.<sup>1</sup>

In its report, the Committee strongly endorsed the principle of co-operation, particularly emphasizing the potential value of co-operative banking.<sup>2</sup> Its deliberations had taken too long, however, for action to be taken in the 1906-07 session.<sup>3</sup> The Report had to be printed before it could be widely read and the value of co-operation demonstrated to parliamentarians. Nevertheless, it appeared as if a national co-operative bill was imminent, especially when Adolphe Lemieux promised the House that it would receive attention during the next session.<sup>4</sup>

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Encouraged by this promise, Monk, in December, 1907, introduced another co-operative bill.<sup>5</sup> The new bill was very general in nature, allowing any twelve or more persons to organize on a co-operative basis any industry, trade, or retail business. The bill was not sponsored by the government

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1. Government of Canada, Reports of the Special Committee of the House of Commons to Whom was Referred Bill No. 2 . . . . pp. 69-70.

2. Ibid., pp. 1v-v.

3. The lobbying of the R.M.A. might also have been a factor. See above, p

4. Debates, House of Commons, 1906-07, p. 7309.

5. Debates, House of Commons, 1907-08, p. 93.

probably because the Liberals, while generally sympathetic, were uncertain as to the extent of popular support there was for it. It is also likely that many Liberal members did not see the matter as being of much significance: in the House of Commons, the debates on co-operation were listless and dominated by a few enthusiasts struggling to overcome the oppressive apathy of their colleagues.

In March, 1908, Rodolphe Lemieux, the Minister of Labour, indicated his Department's sympathy with the movement by moving the second reading of the bill.<sup>1</sup> Monk, appreciating the formal support of some government leaders, emphasized the growing demands he had seen for the legislation and the necessity for federal, as opposed to provincial, legislation. He claimed to be receiving ten petitions daily from interested groups,<sup>2</sup> a high enough number to indicate a rich potential for the movement in Canada. Nor did he think there was any doubt about federal jurisdiction because of the "good government" clause of the British North America Act. He buttressed his claim by saying that the Justice Department had agreed with his contention. Following the supporting statements of a few other members, Monk's bill was passed by the House; not one member opposed it.

While the bill was awaiting introduction in the Senate,

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1. Debates, House of Commons, 1907-08, p. 4548.

2. Ibid., p. 4558.

the opponents of co-operation commenced a full-fledged assault. The Retail Merchants Association, with a clearly defined enemy to attack, took out all their frustrations by writing numerous letters to Laurier, Lemieux, and lesser luminaries. Aside from their now repetitive claims that the bills would increase corruption, encourage revolution, and defeat Liberals, the merchants advanced only one new argument: J. Eadie of Toronto darkly warned that the bill would destroy all the small towns of Ontario by eliminating the general merchants who provided so much local leadership. Eadie, a Scot, referred to Edinburgh where co-operation had destroyed old merchant houses, lessened employment, and caused property to stand dormant. In less than three-quarters of a mile in the centre of Edinburgh, he claimed, thirty stores had been forced to close because of competition from co-op-<sup>1</sup>eratives.

In March, 1908, while the R.M.A. lobbying was at its height, the debate began in the Senate.<sup>2</sup> R.W. Scott, government leader and the secretary of state, introduced the bill in the Upper Chamber and called for its adoption, arguing that co-operation was widely supported by the trade unions, had proved beneficial in Quebec, and was within federal jurisdiction. His sponsorship, however, did not mean

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1. J. Eadie to Laurier, March 26, 1907, ibid., vol. 458.

2. Debates, Senate, 1907-08, p. 479.

unified support on the part of the Liberal party, for, as soon as he sat down, a prominent Liberal, Senator J. McMullen, immediately opposed the bill.<sup>1</sup> His arguments reflected the impact of the retailers as he suggested that merchants, already in a difficult position because of mail order companies, would be decimated if further competition was encouraged. He tended to contradict himself by also suggesting that co-operatives were generally doomed to failure because of confidence men and inefficiency; the end result, therefore, would be the loss of millions of dollars by the lower classes who could not afford such reverses. This basic contradiction apparently was never used as a debating point by the bill's supporters.

As the debate developed in the Senate, the increasingly important issue was the question of whether the federal or provincial governments should have control. Not many senators publicly admitted being influenced by the retailers, and the bill's authors had designed a strong piece of legislation that adequately protected the public from gangsters masquerading as co-operators. The question of jurisdiction became prominent when the bill was sent to the Senate's Committee on Banking and Commerce because of its clauses on credit unions.<sup>2</sup> The constitutional arguments on the side

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1. Debates, Senate, 1907-08, p. 620.

2. For a summary of the bill's fate in the committee see ibid., pp. 1574-1596. The following account is based upon that summary.

of the provinces were presented to the banking committee by civil servants from Ontario, Quebec, Saskatchewan, and British Columbia. Although none of these provinces had demonstrated much interest in the movement, all were anxious to maintain whatever authority they might have over co-operative development. They found a receptive audience in the Senate, especially among Liberals who had been active during the late nineteenth century campaign for provincial rights. In particular, G.W. Ross, erstwhile associate of Oliver Mowat and premier of Ontario, was most sympathetic to the provincial case, especially when it was put forward by Liberal appointees still active in the Toronto civil service.

The provinces based their appeal on clauses eleven and sixteen of the B.N.A. Act's section ninety-two. These clauses gave to the provincial government authority over "the incorporation of companies with Provincial objects." This argument was particularly effective because co-operators themselves emphasized local initiative and community action rather than national co-operative institutions. The province also argued effectively that there was no need for legislation because they were already providing all legal provisions necessary for co-operative stores. The provincial administrators, in all sincerity, believed that they were encouraging co-operation as much as necessary, and some senators argued with them.

Those who opposed the provincial rights advocates did



so for two reasons. Some senators argued that the banking committee had no business reviewing the principle of the bill because that had already been decided as a result of the second reading; for them, the question of constitutionality could be resolved only by the courts after the bill had been passed. Other senators argued that the federal government had control because of its power over trade and commerce and needed control because of co-operation's potential importance. Already, they argued, co-operation had become involved in interprovincial and international trade as a result of its importance in the wheat economy and dairy industry. Furthermore, they believed that the British experience proved how co-operation could grow to influence all aspects of Canadian society; some senators, at least, knew something about co-operation's claim to be a complete ideology.

The banking and commerce committee found it difficult to choose between the two sides, and in its indecision sought to have Sir Allan Aylesworth, the Minister of Justice, render a decision. Aylesworth refused to answer the question directly, preferring to bow ostentatiously to the legal acumen of the Upper House, but he did maintain that the provincial governments had the right to pass co-operative legislation.<sup>1</sup> Significantly, perhaps, Aylesworth refused to

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1. Debates, Senate, 1907-08, p. 1580.

say whether or not the federal government had any jurisdiction. Many of the senators interpreted this letter as demonstrating that the Liberal party was uncertain over the constitutionality question, and had allowed the bill to proceed so that it could be used to appeal to labour in the forthcoming 1908 election.

Disturbed over the constitutionality question and anxious to protect the Senate's supposed role of provincial right's champion, the members of the committee were probably most influenced by provincial claims that a federal bill was unnecessary. After all, co-operatives were in operation, some were thriving, and there was little evidence presented that inadequate legislation was restricting the movement's growth. Ontario civil servants, in particular, presented strong arguments suggesting that all necessary legal provisions had been made and that the federal government need not interfere. If such was the case, then the provincial governments had already proved their ability and their right to legislate. Prompted by such considerations, the committee, made up of seventeen members, rejected the bill, nine votes to eight.

Following the committee's rejection, the Senate again debated the principle of the co-operative bill. Richard Scott once more led the forces seeking to overthrow the committee's recommendation and to have the bill pass a third reading. Scott did not protest strongly against the constitutional arguments deemed so important by the committee. He

believed that co-operative legislation should be enacted on the federal level, but be altered when necessary by the provincial governments to meet local needs. In his view, co-operation, like such other subjects as agriculture and immigration, was a responsibility to be shared by both the federal and provincial governments.

Scott's emphasis, however, was on the general value which co-operation would have for the nation. Reflecting an attitude similar to that of Monk's, he saw Canada in the midst of a moral crisis and hoped that co-operation would help reform the nation. His moral concern was demonstrated in such lines as:

It has been shown most conclusively that it has produced marvelous thrift, industry and temperance and all the virtues one can think of in the class of men who require some uplifting.<sup>1</sup>

Because of his moral preoccupation, Scott did not give any practical reasons for a federal bill. Thus, he did not emphasize how valuable it would be for future national co-operative institutions to have a single statute to cover all their activities; thus he did not demonstrate the value of having all co-operative enterprises under the supervision of a single body of civil servants of known quality rather than under the direction of numerous, perhaps indifferent, provincial departments; and thus he did not indicate how much easier it would be to adjust a single co-operative act rather than several acts under the control of nine different

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1. Debates, Senate, 1907-08, p. 1575.

governments. The failure to make these points may have been because they were generally known--although no proof exists that they were--or it may have been an inevitable result of Scott's emphasis on uplifting the masses. After all, if a co-operative spokesman has only an idealized interest in the movement and has no practical experience, then he is not in a position to understand readily the obstacles presented by inadequate legislation.

The chief spokesman for the committee members opposed to the bill was G.W. Ross.<sup>1</sup> Ross insisted that co-operation was not a matter requiring concurrent jurisdiction and that the provincial governments had already exercised authority satisfactorily. He argued that the Senate was the buttress of provincial rights in Canada and that the senators had the duty to protect the provincial powers: in his view, there was neither the right nor the necessity for intervention by the federal government.

The bill lost on third reading by one vote, nineteen to eighteen. To co-operative spokesmen without, and perhaps within the Senate, the constitutional arguments proffered by the bill's opponents only partly explained the measure's defeat. Throughout the Senate's deliberations, the Retail Merchants' Association maintained its strong campaign against

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1. Debates, Senate, 1907-08, pp. 1577-83.

the bill.<sup>1</sup> At the time and especially in later years, observers such as George Keen believed that the R.M.A.'s efforts were crucial in determining the fate of the bill.<sup>2</sup> It is certain, for example, that the merchants deluged the senators with numerous pamphlets and letters. It is equally certain that considerable personal diplomacy was employed while attempting to influence the Senate's decision. Strong representations were made to the Liberal party in particular as to the possible political effects of going against the merchant interests.<sup>3</sup> Urgent telegrams were sent to the Liberals, especially Laurier, asking such questions as:

Is it the intention of your Government to destroy the wholesale and retail merchants of Canada by the adoption of the Cooperative bill?<sup>4</sup>

Furthermore, while the bill was being debated, the R.M.A.'s lobbying, "created quite a sensation in the Senate and a great mob of retailers from Toronto, Montreal, and other places came to Ottawa...to take part in the proceedings before the Senate Committee...."<sup>5</sup> After stating their case,

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1. For samples of telegrams sent by the R.M.A., see the Laurier Papers, vol. 510, pp. 137939-54 and vol. 511, pp. 138058-63.

2. Keen, The Birth of a Movement, p. 4.

3. M. Moyer to Laurier, March 13, 1908, Laurier Papers, vol. 509, pp. 137495-96.

4. A. Adamson to Laurier, ibid., vol. 508, p. 137281.

5. F.A. Acland to W.L.M. King, The William Lyon Mackenzie King Papers, The Public Archives of Canada, vol. 7, p. 6927. Hereafter referred to as King Papers.

the merchants successfully sought an audience with Laurier. There were so many of them that Laurier had to meet them in the Senate Chamber after the day's sitting was completed. Laurier listened patiently to their arguments, and then, with the aid of M.P.s sympathetic to the bill, refuted many of their suggestions. He promised, however,--perhaps to console the merchants--that the bill would not be taken up as a government measure.<sup>1</sup>

Assessing the impact of the R.M.A.'s agitation upon the senators who finally rejected the bill is very difficult. Five of the eighteen who opposed the bill were definitely connected with retailing and were susceptible, one could expect, to the arguments of the retail merchants. But, on the other hand, four supporters had similar interests. More importantly perhaps, nearly two-thirds of the opposing senators came from Ontario where the merchandising interests were strongest. In contrast, only two of the bill's supporters came from Ontario; most came from Quebec and were doubtless influenced by Desjardins, Monk, and, perhaps, by the clergy. It is possible to suggest, therefore, that from the beginning the strongest opposition to co-operation has come from Ontario and the strongest sympathies have come from other Canadian areas which, because of Ontario's economic power, have wanted to disrupt existing systems of distribution.

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1. F.A. Acland to W.L.M. King, The William Lyon Mackenzie King Papers, The Public Archives of Canada, vol. 7, p. 6927. Hereafter referred to as King Papers.

The political divisions in the Senate on the final reading had some symbolic interest as well. Despite Laurier's sympathy for co-operation, no apparent pressure was applied on Liberal senators to support the bill. In the final vote, seventeen of the nineteen opposing were Liberals, and, of the eighteen who supported the bill, nine were Conservatives. As a movement and philosophy, co-operation could not find a secure home in either of the two major parties; rather, some tory democrats, probably attracted by the ethical orientation of the movement, and some liberals concerned about the position of Canadian labour were willing to support the principle of federal legislation.

Because co-operation did not play a significant role in the ideology of either party, its merits as a useful force in Canadian society never received adequate consideration before the Senate. The "red herring" of provincial rights--certainly one of the strongest ideas in the late nineteenth century liberalism of most of the Liberal senators--was one of the few standards used to judge the bill. Certainly, opposing senators who spoke on the measure clothed their opposition in the constitutional straight jackets of the provincial rights school. Perhaps the point was that the senators saw in the constitutional debate a convenient way to avoid making a decision on the merits of co-operation generally. Acceptance of the co-operative case would have required a questioning of the prosperity which had come to

Canada after 1896; it would also have required challenging some of the cardinal rules of laissez-faire economics in that co-operation appealed for mass action against economic individualism. In the final analysis, it was far easier to revert to a well-worn principle which seemed to make it a duty to reject the bill.

## iv

The fact that the Union emerged when the debate over a federal co-operative bill was raging profoundly affected its activities and attitudes in the early years. Indeed, the Union was in part created because of the weaknesses displayed by the Canadian movement during agitation for legislation. In contrast to the overpowering campaign launched by the R.M.A., the Canadian co-operators, especially in 1908, lacked organization, influence, and lobbying experience. Only Desjardins' Caisses Populaires and a few trades union locals, many in Quebec, undertook the presentation of petitions. There was no calling together of co-operators on a national basis in the same way as the R.M.A. brought in spokesmen from outside Ottawa to petition the Senate's banking committee. Nor were the shortcomings of the provincial regulatory acts adequately demonstrated. To surmount these weaknesses,

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1. For examples, see the Laurier Papers, vol. 550, pp. 149141-44 and vol. 551, pp. 149255-57 and 149388-91.



the Union devoted much of its time at the 1909 founding Congress and in succeeding months to uniting co-operative enthusiasts in campaigns on behalf of adequate federal legislation.

The debate over legislation also forced the Union executives to devote much of their energy to an investigation of co-operative law both in Canada and overseas. George Keen actually began this study prior to 1909 because of the claims made by Senator G.M. Ross during the 1908 debate. Keen had recently assisted in the creation of the Brantford society and thus could refute Ross's contention that provincial governments were adequately providing for the development of co-operative societies. Specifically, he protested Ross's opinion that any five or seven men could form a co-operative society in Ontario once they had paid a fee of one dollar.<sup>1</sup> He pointed out that the Brantford society had had to pay \$125 in government fees, a near-crippling blow to a society operating on a very limited budget. The legislation under which co-operatives were established in Ontario was the same used for incorporating joint stock companies, and it was far too expensive and unnecessarily complicated. In short, the province, its claims to the contrary, was not providing legislation suitable for the movement's growth.

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1. Keen to G.W. Ross, und., C.U.C., vol. 5, 1908-09  
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Keen, then sympathetic to the Liberal party, further attacked Ross for betraying liberalism. To Keen, co-operation was an important part of the ideology of any liberal: it did not seek special privileges, and it offered a promising technique for the advancement of the lower classes. Above all, as a liberal, he found it detestable that an appointed Upper House would reject the unanimous opinion of the democratically-elected House of Commons. Not even the insufferably conservative House of Lords--an institution much under attack by British reformers in 1908--would dare to perform such an irresponsible act. Keen believed that the Senate had no authority to interpret the constitution, a task he believed belonged to the courts; for him, the Senate's only task was "to prevent the enactment of hasty and immature legislation...."<sup>1</sup> Maintaining that the Senate had the same legal functions as the House of Lords was patently false for Keen, because the latter had been given specific responsibilities in constitutional law and had had legal authorities specifically assigned to it; the Canadian Senate had not.

Keen suggested that Ross might partly make up for his betrayal of liberalism by using his Toronto connections to secure a better co-operative act for Ontario co-operators. Ross, bewildered by Keen's attacks, wrote to Thomas Mulvey,

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1. Keen to Ross, October 24, 1908, ibid.

the assistant provincial secretary, to find out the nature of the law governing co-operatives in Ontario. In response, Mulvey admitted that the original co-operative act passed in 1865 had never been effective basically, because, so he believed, it did not allow credit to be extended to the membership.<sup>1</sup> But, he claimed, the act had been amended frequently to allow co-operative institutions to develop and new acts had been devised to aid co-operative organizations among farmers. Moreover, he stressed that the provincial government was attempting to unify co-operative law so that simple machinery for incorporation would be available to all co-operators.

Mulvey was correct in thinking that co-operators wanted change, but he displayed in his letter a woeful ignorance of the Rochdale principles so precious to most legitimate co-operators. He argued, for example, that:

Profit in the way of dividends is foreign to a co-operative association. The gain in such a body is by a cheapening of the commodity.<sup>2</sup>

This belief, along with his notion that co-operative societies required the right to grant credit to its members, demonstrates that he had not made even a superficial examination of the movement. He displayed his ignorance further

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1. T. Mulvey to G.W. Ross, October 15, 1908, ibid.

2. Ibid.

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1. T. Mulvey to G.W. Ross, October 15, 1908, ibid.

2. Ibid.

by suggesting that co-operators could organize any co-operative business under the sections of the existing Companies Act: according to the sections he referred to, co-operators could establish societies as long as they did not have share capital, could not declare dividends, and refused to extend credit. All told, it would be difficult to imagine legal restrictions more completely violating the basic principles of co-operation.

Keen, who was sent a copy of Mulvey's letter by Ross, replied with strongly-worded letters to both men. He pointed out the inconsistencies in Mulvey's position and further criticized the assistant provincial secretary for failing to advocate government regulation of co-operative activities.<sup>1</sup> As a mystic co-operator, Keen believed that co-operation had to be defined according to Rochdale principles and its reputation protected by careful government supervision. Otherwise, confidence men could organize companies using some but not all of the rules, collect large sums of money from deluded workers, and use the funds for their own purposes. The federal bill of 1908 had recognized this need and would have given considerable policing power to the Department of Labour; Mulvey nowhere saw this need, basically because he believed the methods used to police ordinary capitalism would be sufficient for co-operation.

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1. Keen to Ross, October 14, 1908, ibid.

The debate with Ross and Mulvey--unresolved when the Union was formed--along with the nature of the struggle in Ottawa helped to crystalize the Union's approach to its work in Canada. The debate and the struggle vividly displayed the weakness of the Canadian movement and pointed out the necessity of bringing together the various groups of co-operative enthusiasts scattered throughout the country. But exposing the problem is vastly different from finding the solution. In particular, establishing a bond whereby the divergent groups could be brought together was the major task for the Union in 1909, as it was in all the following years.

The debate over legislation, by reinforcing the C.U.C. founders' faith in the importance of co-operation, further influenced the Union's development. The machinations of the Retail Merchants Association during the debates over co-operative legislation convinced them that Canada was in danger of being dominated by bands of selfish materialists. Influenced by both the American muckrakers and the Canadian nationalists of the period, the Union's leadership was convinced that the nation's long-range future was in the balance during the early years of the twentieth century. In their view, the tragedy was that there should be no doubt as to how Canada should develop: she had the advantage of being able to profit from both European and American experiences and to "develop along lines which would secure

to every man opportunities to work at a rate of pay commensurate with its actual value to the community, thereby enabling him to raise his family in comfort and self-respect ...."<sup>1</sup> There was about this sense of mission a note of urgency, and, as George Keen surveyed the Canadian scene for the C.U.C., he saw the forces that would destroy the "Canadian dream" gathering rapidly. He saw them gaining in the Canadian courts where merchants were granted the right to charge as they saw fit, regardless of the needs of the ordinary citizens;<sup>2</sup> he saw them, mysteriously organized and insidiously powerful, hard at work determining the legislation of federal and provincial governments.

To surmount the threats to Canada, the Union's founders envisioned five major roles for their new organization. In the first place, they believed that a national co-operative organization could help combat corrupt or confused promoters who were abusing the true co-operative movement. Throughout Canada in the early years of this century, numerous organizations claiming to be co-operatives appeared among farmers, fishermen, and labourers; unfortunately, most of them were either only partly co-operative or completely fraudulent, in either case, damaging the movement's future prospects. Thus, the founders delegated to the Union the task of investigating all new co-operative institutions that appeared

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1. C.C., November, 1909, p. 8.

2. Ibid.

to determine if their methods of ownership, production, distribution, and profit-sharing were in accordance with orthodox co-operative thought. After completing the examination, the Union could, on the one hand, aid the acceptable associations and, on the other, vigorously expose those that were unacceptable.

The men who established the C.U.C. also hoped to improve the general position of all Canadian consumers. They particularly wanted to eliminate the high charges imposed by avaricious wholesalers and hoped to do so by helping consumers purchase supplies in large quantities at low prices from producers. Recognizing the advantage of pooling resources, the founders hoped that the Union could promote the formation of a wholesale that would be able to take maximum advantage of the combined purchasing power of both consumer societies and co-operative buying clubs. They also hoped that the Union would supervise all member societies to make certain that each provided its members with complete financial statistics; in the view of the C.U.C.'s leaders, such statistical summaries were essential if co-operative societies were to be operated effectively by consumers.

The third major task--viewed as a long range project by the C.U.C. founders--was the improvement of the general position of labourers in the Canadian economy. Many of

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1. See pamphlet entitled, "The Co-operative Movement in Great Britain" published by The Co-operative Concern, Hamilton, Ontario, C.U.C., vol. 6, 1910 AZ: file "G".



the men responsible for the formation were participants in the labour movement, and they believed that co-operation could greatly benefit labourers in their struggles. They were especially interested in the various types of labour co-partnerships espoused by European co-operators, and they saw the Union as an agency which eventually could stimulate such organizations in Canada. On a wider level, the C.U.C.'s fathers believed that co-operation in all forms served the working man by teaching methods of organization and principles of joint action. Together with the recently organized federal Department of Labour, co-operation would permit the working man to have influence in the Canadian economy.

The fourth role envisioned for the Union was more general and less practical: the founders wanted the Union to serve as the national education and propaganda organization for the co-operative movement.<sup>1</sup> They wanted it to teach that each co-operator should regard himself as a soldier struggling anonymously to disseminate the humanitarian attitudes basic to the movement. Most of the founders believed that the essence of co-operation was a denial of self, and they thought that this aspect of the co-operative movement was often ignored at the society level. To carry out the educational purposes of the Union, the delegates authorized

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1. C.C., October, 1910, p. 4.

the establishment of a monthly journal, The Canadian Co-operator, under the editorship of George Keen. They hoped the journal would comment upon co-operative developments, stimulate interest among consumers, and facilitate the exchange of opinions among co-operators.

The fifth and final major role was that of a lobbyist in the various strata of government, but, in 1909, especially at the federal level.<sup>1</sup> The men who met in Hamilton tended to accept the politically neutral attitudes of many European co-operators, but they recognized the necessity of having strong legislation passed on the movement's behalf. They especially desired legislation that would provide for cheap incorporation of new societies and supervision of the entire movement to eliminate semi-co-operative endeavours. Thus, the founders hoped that the Union would be able to argue their case effectively before federal legislators. Such lobbying was needed, they believed, to overcome the strong opposition to co-operatives provided by Ottawa spokesmen for the wholesale and retail organizations.

The most prominent man at the founding convention and the most powerful figure in the C.U.C. for thirty-six years was George Keen. Keen was elected general secretary and honorary editor at the 1909 Congress, and he maintained those positions until his retirement in 1945. Born in

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1. Keen, The Birth of A Movement, p. 4.

Stoke-on-Trent, England, on May 8, 1869, Keen had migrated to Canada in early 1904 and had settled in Brantford, Ontario, a town already containing a large number of British immigrants. In 1906 Keen had joined with a group of these immigrants, most with co-operative experience overseas, to form a Brantford co-operative society.<sup>1</sup> He became its president in 1909 and remained connected to it throughout its brief history.

During the Union's early years, Keen earned his living selling bonds and securities for various loan companies, notably the Empire Loan Co. and the Dominion Permanent Loan Co. His work required travelling throughout Western Ontario to meet the more prosperous farmers who became his most important customers. These trips facilitated Keen's co-operative work--donated without charge until 1918--because they allowed him to speak before almost any group interested in co-operation. As the years passed, he occasionally mixed the two as his farmer customers became interested in the co-operative movement. His work also permitted him to arrange his time so as to devote considerable hours of each week to correspondence, public speaking, and editorial work on behalf of the C.U.C.

In the early years, Keen was primarily interested in

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1. Prospectus, Brantford Co-operative Society, 1908, George Keen Papers, Public Archives of Canada, vol. 3, file entitled "Brantford Co-op., 1908". Henceforth all references to these papers to be abbreviated to K.P.

co-operation among labourers. He believed that the poorer urban dweller had less protection from the vicissitudes of capitalism than did the farmer who could usually satisfy his own wants during even the worst of times.<sup>1</sup> The British movement, which Keen studied very closely, also indicated that co-operation could be most easily developed among the better classes of labourers. Throughout the "Old Land", the strongest co-operatives had appeared in the urban centres, the result of working-class solidarity and trade union agitation. Keen hoped to duplicate the British experience in Canada, and, from 1909 to about 1926, he generally gave an urban orientation to the C.U.C.; thereafter, he began to view rural co-operation more sympathetically.

The other leading figure at the founding convention was Samuel Carter, the Union's first president. Carter was born on December 8, 1859, in Ruddington, Nottinghamshire, England. A labourer from the age of nine, he had migrated to North America in the 1870's. After working in the cotton industry in Philadelphia and Boston, he had moved to Guelph in 1880 and had opened a knitting mill. By 1890, he had become the owner of a large company, the Royal Knitting Com-<sub>2</sub>pany, and had become a prominent member of the community.

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1. Keen to A. McNeill, Ottawa, January 21, 1912, C.U.C., vol. 11, 1913 AL: file "C".

2. "Carter Re-elected Mayor", clipping, London Free Press, January 6, 1914, C.C., January-March, 1914, p. 22.

A staunch Methodist and a strong temperance advocate, he had contested and lost the 1902 provincial election as a prohibition candidate. In the same year he had spent several hundred dollars in stimulating an interest in the public ownership of utilities, and then had led negotiations for the purchase of the private company supplying Guelph with electricity. In 1907 he had encouraged the development of the Workingman's Co-operative Association of Guelph and had become the most prominent man in it by 1909.

Carter's interest in co-operation stemmed partly from his family's devotion to the Ruddington Co-operative in Nottinghamshire and partly from his strong sense of Christian stewardship. In a rather paternalistic fashion, Carter believed he had a Christian duty to alleviate the lot of the common man, and this belief spurred him to participate in numerous public-spirited activities, including the encouragement of co-operative endeavours. The range and intensity of these activities made Carter a minor replica of Robert Owen, and Keen, representative of all the men in the Union,<sup>1</sup> deeply respected his integrity and good intentions.

At the founding convention a number of other individuals, some absent, some present, were selected for executive positions. A. McMullen, the manager of the Workmen's Store, Dominion, Nova Scotia, arrived too late to take part in the

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1. A. McNeill, Ottawa to Keen, September 6, 1911, C.U.C., vol. 8, 1911 MZ: file "M".

discussion, but not too late to find himself appointed a vice-president. Similarly, R.H. Coates, the editor of the Department of Labour's Labour Gazette and secretary of the Civil Service Association in Ottawa, was chosen in absentia as vice-president. The other vice-president, J.P. Whelan, president of The Co-operative Concern, Hamilton, was present and demanded appointment to this position. The treasurer was V.C. Clowes, an associate of Whelan's in a number of co-operative ventures in Hamilton.<sup>1</sup>

One of the most notable features of the organization formed by these men was its provincialism. Although Nova Scotia possessed stronger co-operatives than Central Canada, Ontario leaders filled five of the six executive positions. The two most powerful figures came from the Ontario heartland, and the United Board, the Union's functioning executive, was made up of enthusiasts living in Brantford, Guelph, and Hamilton. This arrangement of convenience was regrettable in that it made the C.U.C. of less value to the Maritimes than it should have been, but it was inevitable because of the movement's weaknesses in 1909.<sup>2</sup> Ontario cities and towns seemed to offer the most potential for co-operative development, and outside of the coal mining areas already

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1. See correspondence between Keen and Whelan, C.U.C., vol. 5, 1908-09: file "W".

2. Keen, Birth of a Movement, pp. 47-48.

served, there was apparently little interest in the Maritimes. Proximity to Ottawa was important, moreover, because of the need to stimulate greater interest in the movement among politicians.

Thus, the Union, as it appeared in 1909, was a very weak organization: it was divided between two regions; it was built upon co-operative societies that were generally unstable; it lacked funds; it had no well-known national leaders; and it was faced by an opposition strongly opposed to needed co-operative legislation. The four major groups of co-operative enthusiasts did not co-operate together, and the Union was confronted with the major task of amalgamating their strength in a common cause. To do so, the Union possessed only one weapon: the devotion of some of its leaders to mystic co-operation. These leaders--notably George Keen and Samuel Carter--were convinced that co-operation could create a better Canada, and they turned, in 1909, to the task of demonstrating how its ideas could be applied nationally, regionally, and locally, to Canadian problems.

### CHAPTER THREE

#### THE UNION FINDS ITS WAY: FROM THE FOUNDING CONGRESS TO THE CONGRESS OF 1911

In order that an intelligent minority may secure economic justice, it is, by political methods, necessary to secure the co-operation of an actual majority of the whole electorate. In the political democracy the vote of the drunken, indifferent, ignorant, thriftless or purchasable citizen is of precisely the same value as that of the industrious, and deep-thinking man who is an enthusiastic and unselfish worker for the public weal. History proves that it is the practice of the political democracy to turn down, time after time, progressive legislation....

George Keen,

C.C., October, 1911, p. 15.

The ideal Canadian city is a well-thought-out and systematically developed scheme of co-partnership houses, occupied by workers engaged in labor co-partnership factories, buying their merchandise from their own Co-operative store. Then the age of the exploiter will disappear and the reign of a happy, contented and cultured people will begin.

George Keen,

C.C., November, 1910, p. 5.



Applying the principles of co-operation to Canada was a difficult task for the Union's executives between 1909 and 1911. Throughout those three years they were faced by problems arising from the divisions within the Canadian movement, their own lack of resources, and the opposition of powerful opponents. They also had to work out concretely how co-operative principles could be used in a Canadian context, a task much more difficult than it at first appeared. Perhaps, if the Union leaders had known the difficulties that awaited them, they would not have begun their experiment in 1909. But, in that year, the project of encouraging Canadian co-operation seemed easy because of the apparent interest in the movement displayed during the previous year in Parliament. The Senate's rejection of co-operative legislation had frustrated but not halted the drive for an integrated national movement under federal regulation. The Union, invited to participate by F.D. Monk,<sup>1</sup> entered the struggle for adequate legislation shortly after its formation; it did so enthusiastically and wholeheartedly, convinced that careful lobbying could elicit the desired

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1. F.D. Monk to Keen, March 17, 1909, C.U.C., vol. 5, 1908-09: file "M".

legislation from Parliament.

The first indication of Union activity on behalf of federal legislation occurred when George Keen approached Lloyd Harris, the sitting member for Brantford, and requested his support for a co-operative bill. Harris, a member of the farm machinery manufacturing family, had always been moderately sympathetic to labour, and he was particularly sympathetic to George Keen, a known Liberal who was well respected in local trade union circles. Thus, he agreed to aid the co-operative cause and immediately sought out F.D. Monk,<sup>1</sup> the co-operative champion, when he arrived in Ottawa. The two parliamentarians united forces to prepare co-operative legislation for 1909, with Harris undertaking even more of the planning in that year than Monk. Harris was responsible for the decision to have co-operators concentrate upon securing acceptable legislation rather than upon appealing to the Supreme Court for a decision on the question of federal responsibility.<sup>2</sup> He successfully argued that the latter approach would be too costly for a movement in a very weak position. Moreover, Harris, in an interview with Laurier, became convinced of the prime minister's sincere support for the movement. While he was not willing to have the government support the measure, Laurier was optimistic about the

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1. L. Harris to Keen, April 23, 1909, C.U.C., vol. 5, 1908-09 AZ: file "H".

2. Ibid.

chances of a private bill being accepted because he did not think that the Senate would refuse the House on the same measure again.<sup>1</sup>

Harris, excited by the chance to present his first bill, prepared the legislation during the summer of 1909. In the process, he worked closely with George Keen, but less closely than one might have expected with F.D. Monk. Monk was not as optimistic about the fate of another private bill for the development of the movement generally and, by 1909, had decided to concentrate upon securing adequate legislation for co-operative banking.<sup>2</sup> Thus, while Keen and Harris were devising the legislation for general co-operative development in 1909, he and Desjardins drew up a separate bill to provide for the credit union movement. Monk and Desjardins were not opposed to a general bill--indeed, they hoped it would be passed in preference to their own measure--but they thought a bill for co-operative banking would have a better chance of being passed: during the lobbying for past bills, no significant opposition to credit unions had appeared, even from banking leaders who might have seen a threat in their development.

As French-Canadian nationalists, Desjardins and Monk were also committed to credit unions as a means of strengthening French-Canada. Neither of the two men approached the

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1. L. Harris to Keen, April 23, 1909, C.U.C., vol. 5, 1908-09 AZ: file "H".

2. F.D. Monk to Keen, December 21, 1909, ibid., file "M".

movement from the point of view of consumption, and, therefore, they saw no particular virtue in the creation of distributive societies. Rather, like some European co-operators, they looked for salvation to Caisses Populaire which would inculcate proper moral principles among the masses and, eventually, permit local groups to control much of the industry in which they worked. Thus they saw credit unions as a means of reforming French-Canada and as a way of encouraging French-Canadian control over their own economy.

In English-Canada, co-operators were far less interested in credit unions, and Keen in particular had only a slight appreciation of this aspect of the movement. In December, 1909, Harris demonstrated the difference in emphasis by suggesting to Keen that credit and loan societies be omitted from the general co-operative bill.<sup>1</sup> His argument was based on the belief that such societies could operate honestly only in Quebec where they were generally under the control of the Roman Catholic Church; in English-Canada they would tend to be independent of ecclesiastical supervision and open to manipulation by criminals as well as to errors in judgment by the unchaperoned. Keen successfully argued against Harris's fears by pointing out that credit unions would not become important in English-Canada anyway, because English-Canadians were primarily interested in consumer

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1. L. Harris to Keen, December 16, 1909, C.U.C., vol. 5, 1908-09 AZ: file "H".

societies; for Keen and the Union generally, co-operative banking was a laudatory but, for the moment, irrelevant activity.

In lobbying for their bills, Monk and Harris had the benefit of more support from general Canadian citizens. Once again, the Caisses Populaires, dominated by Desjardins, repeatedly petitioned various members of Parliament,<sup>1</sup> and they were joined by trade union organizations aroused by the R.M.A.'s lobbying in 1908. For the first time, too, the struggling Canadian consumer societies, prompted by the C.U.C., began to petition for adequate federal legislation. Guelph, Hamilton, Brantford, Sydney Mines, Glace Bay, and Dominion all petitioned M.P.s, requesting that Parliament pass the bills being prepared by Harris, Keen, Monk, and Desjardins.

The petitioners were wasting their time: despite Laurier's apparent faith in the efficacy of private bills, Monk and Harris could not arouse the wide-spread support of their colleagues. They could not even gain the strong public support of Mackenzie King, the recently appointed Minister of Labour and the supposed co-operative crusader. Monk requested that King, like his predecessor, take charge of his bill not as a government measure but simply as a

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1. For examples, see Laurier Papers, vols. 555, 556, 558, 559, 560, 561, 563, 564, 567, and 568.

matter in which he had a personal interest.<sup>1</sup> Lemieux had done as much in 1908, and he had thereby helped that measure considerably. King did not do so; he did not even rise to speak, strongly or otherwise, for the bill and its partner when they came before the House. Perhaps he had been impressed by the rantings of the R.M.A. in 1908, rantings directed particularly at him because of his statements to the 1906-07 Parliamentary Commission.

Monk and Harris had hoped for the rapid passage of their bills in the House of Commons so that considerable time would be available for lobbying among potentially sympathetic senators. They hoped to concentrate most upon Harris's bill because, if it was passed, it would give all the legal framework necessary for a complete Canadian co-operative movement: if it passed, Monk's bill would be dropped; if it failed, the two men would fall back upon Monk's bill, believing that it, in any event, had a good chance of passage.

These well-laid plans were never given an opportunity to be tested. Preoccupied with more traditional fare, the House of Commons never reached the stage of third reading for either bill. Monk began to suspect the outcome early in the session and wrote Keen:

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1. Monk to King, December 10, 1909, King Papers, vol. 12, p. 11427.

I have the assurance of Hon. Mr. Murphy that the Government accepts the legislation and will see it through, but I have become somewhat diffident, as you may suppose, and can only believe in accomplished facts. It is a curious thing that when questions of vital importance to the country are brought up in the House, if they have no political feature, they awaken little or no interest: I have experienced this in regard to such questions as Proportional Representation, Prison Reform, Transportation, Water Powers and Co-operation. It seems impossible to awaken public interest in such questions as these: but when you bring up something insignificant in itself, but which may be used for political purposes, it is a very different story. This condition of affairs is very regrettable.<sup>1</sup>

But the problem for the bills was not simply widespread disinterest. Once again the Retail Merchants Association appeared on the scene, armed with rhetoric and, this time, well represented by numbers. In February, 1910, while the bill was in committee following second reading, five hundred merchants, mostly from the towns and cities of Ontario, arrived in the capital to protect their interests.<sup>2</sup> They apparently made an impression on the legislators, although they did not seem to influence Laurier. When they met the prime minister, Laurier responded in the rather uncommittal fashion he usually employed and refused to endorse the retailers' arguments while generally supporting the findings

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1. Monk to Keen, December 21, 1909, C.U.C., vol. 5, 1908-09 AZ: file "M".

2. Grain Growers' Guide, March 9, 1910, p. 3. The Guide maintained that this delegation was the largest ever to invade Parliament Hill. Perhaps the ideas of a farmers' march, later used so effectively by agrarians, was germinated by this protest by retailers.

of the 1906-07 Commission.<sup>1</sup> He did reassure the merchants, however, by promising that the co-operative bills would not become a government measure.

Appearing before a counter demonstration by Hull and Ottawa co-operators staged shortly after the meeting with the merchants, Laurier appeared to be completely sympathetic to the co-operative bills.<sup>2</sup> Along with Lemieux and King, Laurier met the co-operators at Rideau Hall on the evening of March 4, 1910, adjourning a rather important meeting with American tariff commissioners to do so. All three leaders stated their personal support for the co-operative measures, but warned the working-men to watch the bills carefully while they were in committee. In doing so, they seemed to build into their argument a good excuse for failure: after all, the co-operative movement, weak and decentralized, could hardly afford to protect its interests during this period of the bills' process as well as could the Retail Merchants Association. The Co-operative Union, for example, had supporters in the delegation that confronted Laurier, but could not afford to exert any real pressure. George Keen might have been able to make some impact--at least Coats, Desjardins, and others thought so--but as he was privately employed and

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1. A. Desjardins to Keen, March 4, 1910, C.U.C., vol. 6, 1910 AZ: file "D".

2. C.C., April, 1910, p. 15.

3. Keen to J. Pilkington, October 22, 1910, C.U.C., vol. 6, 1910 AZ: file "S".



would have had to pay his own expenses he could not make the trip to Ottawa.

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The inability of the C.U.C. to wage an effective campaign for legislation in 1909 and 1910 made the Union leaders criticize the government more than their own organization. For George Keen, any government interested in reform--as the Liberal regime was supposed to be--should lead and not wait to be prodded; obviously, those who require help do so because they do not know how to organize, and governments that wait for the weak to lobby at best stand still.

A growing anti-government attitude within the C.U.C. was further intensified between 1909 and 1911 by other disputes with government officials both in Ottawa and Toronto. The first of these began in March, 1909, when Keen requested a reduction in the postal rates for The Canadian Co-operator, from the Post Office Department. Specifically, he asked that the co-operative journal be accorded the special rates granted to most Canadian publishers.

His request was refused because The Canadian Co-operator was not organized, like most journals, to be distributed by recognized news agents. The department recognized such a method as being the distinguishing feature of the journal-publishing business, and certainly there were very few periodicals which did not follow the pattern. Most of those

that did not were either exclusively advertising periodicals or the house organs of social clubs; for these types of journals there were distinct bodies of regulations.<sup>1</sup>

The postal department's refusal sparked considerable criticism of the Ottawa bureaucracy by the Union's secretary. Keen did not, however, agree with W.U. Cotton, the editor of the Cowansville, Quebec, journal, Cotton's Weekly. When confronted by a similar refusal, Cotton had complained that radical journals were discriminated against by bourgeois government officials. Keen, demonstrating how his approach differed from the socialist, interpreted the refusal as being just another example of how prevailing materialism influenced all aspects of life, including government.<sup>2</sup> Like the people it governed, the federal government judged all activities from the viewpoint of profit, and it would grant concessions only if co-operators would agree to "get into the publishing business to make money, hire men to work up individual subscriptions, and collect tolls from the public for the information imparted."<sup>3</sup>

Having failed to gain special rates as a publisher, Keen next tried to gain concessions commonly granted by the

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1. Keen to J. Pilkington, October 22, 1910, C.U.C., vol. 6, 1910 AZ: file "S".

2. Keen to the Postmaster General, September 3, 1910, C.U.C., vol. 6, 1910 AZ: file "P".

3. C.C., April, 1910, p. 6.

government to fraternal societies.<sup>1</sup> In early twentieth-century Canada there were countless "fraternal" societies organized for a variety of reasons, and many of them were granted reduced postal rates on the theory that they contributed to the cultural development of the land. Among these societies were a number of mutual insurance companies who used their privileges almost exclusively for advertising purposes. Feeling that the Union was as much a fraternal society as the insurance companies, and certain that The Canadian Co-operator offered much more to the nation's cultural and educational development, Keen applied again for postal privileges on September 3, 1910.<sup>2</sup>

At a time when the postal department was remarkably efficient, he did not have to wait long for a reply. On September 6, 1910, E.H. Laschinger, the assistant deputy postmaster-general informed Keen of the features the department believed characterized a fraternal society.<sup>3</sup> The department granted privileges only to societies in which either a definite portion of the membership fees was devoted to publication costs, or "a substantial list of paying subscribers" had been established. Laschinger anticipated

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1. Keen to W. Dodd, August 8, 1910, C.U.C., vol. 6, 1910 AZ: file "N".

2. Keen to the Postmaster General, September 3, 1910, ibid., file "P".

3. E.H. Laschinger to Keen, September 6, 1910, ibid.

questioning of this description of departmental policy by voluntarily acknowledging that it had not been properly applied in the past. He excused past laxity by suggesting that ineligible societies presently receiving the privilege had been granted it when second-class mail was a comparatively small portion of all mail. Now that the printing industry had been revolutionized, the department was interpreting its regulations more strictly. Unfortunately for Keen, this strictness, which, for pragmatic reasons, was not made retroactive, meant that he would have to prove that The Canadian Co-operator was circulated to a "substantial list of paying subscribers."

Unfortunately, The Canadian Co-operator was distributed by affiliated societies to their membership without gaining specific approval from each member. To meet the departmental regulation, considerable clerical work would have to be undertaken by societies hard pressed for clerical and managerial workers. Rather than compel affiliated co-operatives to undertake these changes, Keen decided to wait for alterations in the department regulations, alterations then rumoured to be imminent. In the meantime, the Union would chafe under the existing regulations, expensive as they were. The chafing, though, caused another sore point to be added to those already inflicted by Ottawa's tardiness in providing suitable legislation.

At the same time that he was perturbed about the federal

government's unwillingness to aid the movement, Keen was also engaged in a rather frustrating effort to gain satisfactory co-operative legislation from the Ontario government. The campaign which emerged in Ontario is significant because it displays the difficulties co-operators had to face in gaining the type of legislation required for sound co-operative development. The Ontario experience was not unique; in fact, it was typical of the campaigns lodged in other provinces, frequently with Keen's aid.<sup>1</sup> Because of the failure to secure the passage of a federal bill, Canadian co-operators were forced to fight the same battles in nine and, eventually, ten provincial capitals.

From Keen's viewpoint, the major obstacle in Toronto to good co-operative legislation was Thomas Mulvey, the assistant secretary of state. Keen could never succeed in teaching Mulvey the fundamental principles of co-operation as they were generally understood within the movement. Mulvey adamantly refused to consider the following principles as essential: a specified low rate of interest on capital; one-man, one-vote; and no salaries to elected part-time officers.<sup>2</sup> He took this position because of his experience with the agricultural producers societies called

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1. At one time or other, throughout his career, Keen contributed to the evolution of co-operative law in every province of the Dominion. For many, he eventually composed entire acts.

2. Mulvey to Keen, May 31, 1909, C.U.C., vol. 5, 1908-09 AZ: file "P".

co-operatives in Ontario. These societies, most of them in the dairy industry, were inconsistently organized and only rarely developed according to the principles of the international movement. To protect them, Mulvey wanted to allow any organization to call itself a co-operative if it wanted to do so. He desired to impose only one restriction: that any co-operative could not use regulations that had been found suspect in traditional capitalist enterprises. Keen, naturally, found it difficult to see the relevancy of this particular exception.

Fortunately, Mulvey became a federal civil servant in the autumn of 1909, at about the same time as the provincial government decided to pass its own bill patterned after Harris's 1909 federal measure.<sup>1</sup> Like the bills considered in Ottawa, the provincial co-operative bill immediately elicited a strong lobbying effort by the Retail Merchants Association. The Ontario government, frightened by the intensity of this agitation, withdrew the bill and sought another way to provide satisfactory services for co-operators.

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1. Mulvey's new position in Ottawa was assistant secretary of state. Ironically, in that position, he received applications from numerous organizations desiring to be incorporated under the "general advantage" clause of the B.N.A. Act. Mulvey had earlier convinced the senators that co-operation was not for "the general advantage of the nation." Among the organizations to which Mulvey gave recognition in this way was the Metropolitan Racing Association, an organization to govern race meetings and gambling on Canadian race tracks. By implication, as Keen pointed out, he had to defend the premise that horse racing and gambling are for the "general advantage of Canada while co-operation was not." C.C., October, 1909, p. 7.

The eventual solution was the "brain-child" of W.J. Hanna, the provincial secretary who represented Lambton County. Despite his conservative convictions, Hanna was sympathetic to co-operatives, especially in their rural adaptations, and he introduced a short amendment to the Companies Act which would allow co-operators to establish societies as they wished.<sup>1</sup> The amendment made it possible for any group of people entering into a business to devise their own rules of procedure and to incorporate them into their Letters Patent. Formerly, the ways in which new businesses could restrict themselves were limited in keeping with traditional capitalist methods. This had meant that introducing new restrictions, such as limitations on returns for capital, had been most difficult. Furthermore, the amendment gave the right to any ten shareholders of a society or company to appeal to the provincial secretary for an independent auditor to investigate any aspect of the organization's affairs; it even permitted societies or companies to place themselves under the careful supervision of the provincial secretary's office to make sure that no illegal practices were followed.

The amendment was a satisfactory basis for sound co-operative development so long as the provincial secretary's office knew something about co-operation and granted use of

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1. For a description of the new act see ibid., December, 1909, pp. 9-10.

the name "co-operative" only to societies organized on the Rochdale system. During late 1909 and throughout 1910, Keen met frequently with Hanna and his civil servants to draw up a model set of by-laws to be used in the incorporation of future distributive co-operatives.<sup>1</sup> Preparing model by-laws for other types of co-operative activity was found to be considerably more difficult. Agricultural co-operatives in particular were too diverse in aims and methods of organization to be reduced to a common denominator. Nevertheless, as far as Keen was concerned, Hanna, by adjusting to the needs of co-operators, had demonstrated good faith:

In this action he has given concrete and substantial evidence...that it is his desire to administer the duties imposed on him by the Crown with that lofty independence and detachment from the instinct of private advantage which is the glory of British statesmen,<sup>2</sup> and the secret of the success of British institutions.

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The commendation of Hanna was not typical of the developing C.U.C. attitude toward the provincial and federal levels of government. Hanna was the exception that had proved the rule: the Ontario government, after all, had been largely responsible for the destruction of the progressive legislation of 1908, and Hanna, in securing adequate

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1. C.C., January, 1911, pp. 6-7.

2. Ibid., December, 1909, p. 9.



legislation, had been forced to overrule the civil service and to deceive the merchants' lobby. The senior governments, the Union was beginning to think, were begrudging obstacles from which concessions had to be won and not positive assistants to their beleaguered movement. In 1910, though, there was still hope that the governments, especially the one in Ottawa, might change, become more positive, and more useful to Canadian co-operatism.

One reason for hope was that popular agitation on behalf of co-operation increased noticeably as the bills of 1909 were lost in the House of Commons. On the Prairies, news of the bills' fate had been disseminated by such periodicals as The Grain Growers Guide, and it had produced a strong reaction among farmers interested in co-operation. Thus, while the issue was in the balance at Ottawa in early 1910, several farmers wrote to The Guide and to their members, stating such opinions as:

The men who are working for these bills to become law are blazing marks for the slaves of this century. Every friend of real liberty should bring pressure to bear on the representatives of the people that organized greed be not allowed to succeed in giving the fate of that of two years ago.<sup>1</sup>

When the government apparently ignored the western clamours for a co-operative bill, Laurier encountered considerable dissatisfaction during his Prairie tour of 1910.

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1. J.H. Holmes to the editor, The Grain Growers Guide, January 12, 1910, p. 13.

There were many reasons for the "hornets' nests" which Laurier encountered in the western villages and towns, but the co-operative agitation was as consistent as any of the others more commonly mentioned by historians. In nearly every town he was met by delegations of farmers calling for many reforms including wide-ranging co-operative legislation.<sup>1</sup> In Edmonton and elsewhere, Laurier reacted favourably to the demands and promised the passage of a satisfactory bill in the next session.<sup>2</sup> He maintained this position despite being confronted by smaller counter-demonstrations against the proposed legislations in nearly every western town. These delegations, usually fomented if not led by the small merchants, argued that co-operation was evil because it usually failed and was the "thin edge of socialism."<sup>3</sup>

There was some reason to wonder how high a priority Laurier placed upon co-operation in spite of his statements. He had made similar announcements before, although one might read into his speeches in the West a promise to make the next bill a government measure. In reality, however, it is doubtful that Laurier intended to do much more than he had

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1. J.H. Holmes to the editor, The Grain Growers Guide, various issues, July, August, and September, 1910.

2. C.C., October, 1910, pp. 5-6.

3. Ibid., pp. 5-6. See The Grain Growers Guide, August and September, 1910, for detailed accounts of the western reaction.

done in the past. When the new session began in late 1910, the government did not introduce a co-operative bill despite a march, as Parliament opened, by one thousand farmers demanding, among other things, that it do so.<sup>1</sup> Rather, the Liberals left the championing of co-operation to Monk, who introduced another banking bill, and to W.M. Martin, a western M.P. who sponsored a bill for general co-operative development.<sup>2</sup> These bills attracted the usual opposition, and, so The Toronto Globe reported, over five thousand R.M.A. supporters descended upon Parliament Hill.<sup>3</sup> The estimation of the size of the support may not have been exaggerated because the R.M.A. had grown rapidly in 1910 after it had been granted a federal charter, ironically at the same time<sup>4</sup> that the co-operative bills of 1909 were being ignored.

During 1910 and 1911 at least, the merchants need not have worried. Far more important issues were dominating the political landscape. The great issues of reciprocity, naval

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1. Keen to A. Whitehead, December 17, 1910, C.U.C., vol. 6, 1910 AZ: file "C".

2. Keen to W.M. Martin, und., C.U.C., vol. 8, 1911 MZ: file "M". Harris supported both bills but did not sponsor either because he had recently split with the Liberal party over the reciprocity issue.

3. Keen to the editor, The Globe, December 21, 1910, C.U.C., vol. 6, 1910 AZ: file "G".

4. C.C., December, 1910, p. 9. It is interesting that all cabinet members except King voted for the incorporation, a bitter irony for co-operators who had watched the cabinet waffle on earlier co-operative bills.

supremacy, and political survival had risen sphinx-like on the Canadian political desert, and they had consigned lesser issues to forgotten sand dunes on the periphery. During the election campaign, both major parties pledged their support for a co-operative bill, thereby eliminating any possibility of a debate emerging upon the subject; but neither party particularly emphasized the measure except as a means of appealing to labourers and especially to farmers for political support. Most of the problems with which co-operation was concerned--consumption patterns, increasing urbanization, social reform--were not unimportant in the election, but they were generally approached from a different direction: the old rhetoric and viewpoints, emphasizing production, declining agrarianism, and competitive morality were still dominant while the traditional techniques of National Policy, fixed loyalties, and individual initiative showed few signs of being forgotten. Except as a means of perhaps placating specific groups, co-operation was politically irrelevant.

Although the 1911 election was not markedly influenced by the co-operative movement, the reverse was not true. The election ended the last significant effort of Liberal party leaders to gain co-operative legislation. In that election the Liberals were fighting a losing battle for support from the businessmen of English-Canada; reciprocity was costing them considerable support among business leaders, and the party could not afford to antagonize merchants over a

secondary issue. In the session which opened in late 1910, moreover, the Liberals were too preoccupied with other matters to undertake new initiatives. Not even Mackenzie King stirred himself behind the scenes or in Parliamentary debates, and, as the session drew to a close amid the turmoil of an election campaign, a weary Desjardins indicated to Keen the frustration he felt after ten years of wasted effort:

Our Bill is again doomed to death, I am afraid. You ought to taunt the Government for it, and tell them some good truths about their lack of solicitude for the working men, while they are so found [sic] of helping the poor millionaires. Ask what the Minister of Labour and the Secretary of State are doing while the labouring classes are clamouring for legislation, not for subsidies, money grants of anything of the kind [sic], but merely to help themselves like good Britishers and men. Will you do it?<sup>1</sup>

Keen did his best.<sup>2</sup> He did not blame King too much, believing him to be too young and inexperienced to have much power in the cabinet; but he did blame Liberal members for working class constituencies and wrote letters to them threatening to inform local trades unionists of their lukewarm attitude toward co-operation.<sup>3</sup> More importantly, he continuously attacked the Liberal party in The Canadian Co-operator, charging it with duplicity in its attitude

1. Desjardins to Keen, April 24, 1911, C.U.C., vol. 7, 1911 AL: file "D".

2. Keen to Desjardins, April 25, 1911, ibid.

3. Keen to E.W. Nesbitt, August 30, 1911, ibid., vol. 8, 1911 MZ: file "N".

toward co-operation.<sup>1</sup> To Keen the Liberal party leadership had publicly proclaimed its support for the movement for four years, but, when the issue had been joined, had fallen prey to the machinations of businessmen. This condemnation affected Keen's work locally on behalf of the party, and his former unreserved support for the Liberals changed to become begrudging toleration during the 1911 election.<sup>2</sup>

The outcome of the 1911 election was a further blow. Despite the interest of some Conservatives such as F.D. Monk, most Tories in the House of Commons were even less interested in co-operation than their Liberal associates. The Union's executives recognized the hostility of most Conservatives and, in effect, stopped their campaign to gain a co-operative bill. More importantly, because neither party devoted much attention to co-operation during the election, Keen concluded that politicians could not resolve many of the movement's problems. Indeed, the entire political process, dependent upon securing votes from the uninformed, was, in Keen's view, a poor avenue by which to make progress; the old parties, caught up with the struggle for political advantage, could not be relied upon to introduce legislation aimed at significant social and economic change. In the future,

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1. For example, see C.C., October, 1911, pp. 14-15.

2. Keen to R.H. Coats, und., C.U.C., vol. 5, 1908-09  
AZ: file "C".

except for experimentation with protest movements, Keen never altered this scornful judgment of the political process. Instead, he came to believe that beneficial political change would occur only when widespread acceptance of the co-operative philosophy forced such change.<sup>1</sup>

Keen's and the Union's disenchantment with the federal legislature may have been too hasty. A continuous appeal lodged from all available co-operative sources might have enabled F.D. Monk, who became minister of public works in Borden's ministry, to convert a sizeable number of his friends. But no real effort was made, and the opportunity was soon missed because of Monk's hasty resignation from the cabinet over the naval issue. Thereafter, the only man within the Conservative leadership who showed any interest in the movement was Arthur Meighen, who, in 1913 and 1914, introduced two private bills for the organization of banking societies.<sup>2</sup>

His interest was probably derived from his western background and from his personal belief that saving money was a moral act. Both of these measures, like so many before them, were lost before the undisturbed disinterest of the Ottawa politicians. In short, the federal government gave little aid to, and had less interest in, the co-operative

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1. For example, see C.C., October, 1911, p. 15.

2. Debates, House of Commons, 1913, p. 9039, and 1914, p. 3637.

movement during the critical formative years.

The failure to secure legislation had other more serious effects than a mere feeling of hostility toward governments and political life. Without strong federal legislation, the Canadian movement would remain fragmented, generally reflecting the economic and social diversities of the various provinces. Co-operators in each province would be forced to seek their own co-operative law and, in doing so, to build provincial organizations. The problem that emerged was that provincial boundaries seldom made much sense: the Prairie movement, in particular, suffered greatly because it was unnaturally divided into three separate movements. Because of legislative differences and uneven interest by provincial civil servants, moreover, the movement developed differently across Canada making the creation of a unified national movement nearly impossible. Indeed, no real voice would be found for the co-operative viewpoint at the federal level, except when regional co-operative movements had surplus funds to give to the Union, or when taxation problems forced national unity. Thus, until the 1940's, the national executive, without direct power made obvious by national recognition, could do little more than to try to become an adjunct to sectional grievance.

The legislative failures of the early years also demonstrated the problems inherent in the apolitical approach of orthodox co-operation. Espousing a new basis for the



organization of production, co-operation as a total movement could not be integrated within the normal Canadian political ideologies. While early twentieth-century liberalism tended to be sympathetic, its acceptance at most was partial, and among individual Liberals, often very lukewarm indeed. In fact, Conservatives, usually out of fear of radicalism and out of admiration for the apparent moral value of co-operation, could be as enthusiastic as Liberals. Thus, in the final analysis, co-operation, despite charges by businessmen that it was radical, was really too moderate and too neutral to attract the attention of the brokers of political power.

The point that could have been learned, and to an extent was learned by the Union leadership, was that co-operation would only prosper when working-men and farmers seized upon it and insisted on its growth. In other words, the failure of sympathetic leadership in Ottawa to secure proper legislation was further proof of the fundamental premise of co-operation itself: that social and economic change cannot be directed from above and that progress must develop from the efforts of workers joined together to sacrifice for their own benefit. Monk, King, Laurier, Desjardins, Keen, and Carter could make the co-operative movement meaningful only when co-operative forces were sufficiently powerful within the community to be organized.

But the greatest tragedy that beset the Canadian co-operative movement, partly because of the inability to gain

a federal bill, was the split between English-Canadian and French-Canadian co-operators. The split would likely have occurred to some extent in any event, because of linguistic barriers, but the enforced turn to provincial legislation widened the gap more than it should have been. Keen and Desjardins had established a very friendly relationship based on mutual respect during the agitation for the various bills, and French and English politicians interested in co-operation had worked together in the years between 1906 and 1911. Perhaps out of this co-operation might have emerged a truly national movement uniting the two linguistic groups. Certainly, each could have prospered from the advice of the other: French-Canada could have benefited from English-Canadian experimentation in both agricultural and distributive co-operation; and the English-Canadian movement would have prospered more quickly if it had learned earlier of the potential of the Caisse Populaire movement. In the final analysis, methods of amassing capital, producing and distributing goods were essential to both groups; it was decidedly unfortunate that both sides had to find out the value of a complete movement in isolation from each other.

## iv

As the list of C.U.C. failures before Parliament grew longer each year, its executives turned more of their attention to agitation at the grassroots level. In doing so, they

were primarily concerned with improving the quality of life among the lower classes of at first, specific towns, and then, specific rural regions. No longer could they hope for rapid advancement through the endorsement of leading politicians or the spontaneous enthusiasm of a national crusade. Instead, they had to devote themselves to the careful, agonizingly-slow cultivation of small societies scattered throughout the Dominion. Thus, such remote centres as: Inverness, Nova Scotia; Magog, Quebec; Waldhof, Ontario; and Eckville, Alberta became major areas of concern for both George Keen and Samuel Carter.

Facilitating the change of emphasis from national crusade to local agitation were a number of motions well ingrained in the attitudes of mystic co-operators. The traditional aversion to party affiliation, the long-standing distrust of politicians, and the belief that real progress depended upon mass education meant that they undertook the less glamorous role of adviser to unknown, isolated groups with relative equanimity. At the same time, the belief that true co-operative societies depended upon members well trained in "associative intelligence" meant that the Union could never, on principle, long ignore the essential work of concentrating upon specific, small groups of individuals. Keen and Carter, after all, were mystic co-operators with great faith in the techniques of developing cells of converted enthusiasts: like the Christians of old, they

believed that small groups of true believers could produce a total social revolution. The corollary of this belief was that progress would be slow, especially during the formative years. Early Christianity had waited for more than three centuries to gain the approval of Constantine; it would take as long for the true co-operative movement to gain acceptance in Canada.

George Keen in particular became resigned to his fate as a prophet in a generally hostile age.<sup>1</sup> In the Union's early years, and in most of the later ones as well, this acceptance meant that his co-operative work was generally a continual preoccupation with failure. Rejecting the grandiose policies advocated by other co-operative leaders in North America,<sup>2</sup> he deliberately chose, and the Union automatically followed, the slow method of concentrating upon a few societies which could serve as witnesses for orthodox co-operation.

There can be little doubt that Keen was responsible for the Union's predilection for slow but steady progress. Among the handful of men responsible for the formation of the organization, he was easily the most influential, primarily because of his work on The Canadian Co-operator. He also devoted more time and effort to the Union than any of

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1. See C.C., September, 1911, pp. 9-10.

2. See pp. 191-194.

the others. Samuel Carter, the owner of a busy manufacturing plant, was too preoccupied with his own affairs, the Guelph co-operative, and with politics, to devote much time to the C.U.C. As for the other men, divisions of opinion with Keen, based primarily on practical considerations, meant that most of them soon left the Union, taking with them the prosperous organizations they dominated. When they went, they also removed any strong tendencies the executive might have had toward more rapid promotional schemes of co-operative development.

Before the Union could undertake to help the cells of co-operative purists in Canada, it had to put its own house in order. This task was difficult in the early years because the members of the executive were separated by distance, personality differences, and private ambitions. Carter, enmeshed in a host of public activities in Guelph, and Keen, engrossed in his co-operative visions in Brantford, were entirely different from J.P. Whelan and V.C. Clowes, the pragmatic businessmen dominating Hamilton's co-operative ventures; R.H. Coats, deeply involved in his expanding research in the fields of labour and statistics, never developed more than a passing interest in the C.U.C., and A. McMullen, the Nova Scotian vice-president from Dominion, was too isolated and too involved in the problems of his struggling society to have much impact within the executive. With such divergency, it is no wonder that the executives

seldom met together. The first full-scale meeting, at the organizing Congress of 1909, did little more than "appoint officers, enact the Rules, and pass a resolution in favour of Co-operative legislation."<sup>1</sup> No convention was held in 1910 because few of the co-operatives could afford to send representatives to a central point in Ontario or Quebec. Any exchange of ideas, therefore, took place through letters or in a few haphazardly arranged meetings, generally restricted to Keen and Carter. Thus, making the executive a cohesive force in the early years was a difficult task and was primarily the responsibility of the secretary, who was inevitably at the centre of all developments.

Keen, as the secretary, was restricted by a strange division of responsibility between himself and the treasurer, V.C. Clowes. Clowes, living in Hamilton, had charge of the bank account, while Keen, residing in Brantford, in effect spent most of the money, mostly on publishing The Canadian Co-operator. Naturally, this arrangement led to a complicated and lengthy correspondence between the two men as they sought to overcome frequent misunderstandings. New programs in particular posed difficulties, not only because Keen and Clowes had to formulate policies while separated, but also because the president had to approve all expenses. Such an

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1. Keen to T.K. Doherty, December 28, 1910, C.U.C., vol. 6, 1910 AZ: file "D".

arrangement was inconvenient, although it was also necessary to protect all who were involved and to prevent the entire load of work from falling upon George Keen.

The problems inevitably arising from this rather unwieldy structure were of minor complexity when compared with the difficulties which developed from the clashes of personalities. The men who organized the C.U.C. were all individualists, accustomed to stating their viewpoints in a forthright fashion, and they were particularly insistent upon receiving the respect they believed they had earned. These characteristics could usually be offset by appeals to the glory of the cause, but occasionally grew too prominent to be overlooked. The outstanding early confrontation was between George Keen and J.P. Whelan.

The Keen-Whelan competition commenced at the beginning of the history of the C.U.C. Keen unintentionally antagonized Whelan by having the Union's letterhead refer to him as a "vice-president" rather than "first vice-president".<sup>1</sup> Believing the omission to be an insult, Whelan protested, and a heated debate took place between the two men. In fact, only Carter's diplomacy prevented Whelan from resigning his vice-presidency over the issue. Following Carter's intervention, Whelan offered apologies which Keen refused,

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1. See correspondence C.U.C., vol. 5, 1908-09 AZ: file "W".

because of the acrimonious exchanges that had taken place between the two men. Thus, what appears as a dispute over trivia continued to fester within the C.U.C. executive body. Whelan was aware of the seriousness of the dispute at the beginning and wrote:

Neither Mr. Carter nor any living man, excepting Mr. Keen, can make a satisfactory adjustment of our difficulties, and unless he now agrees to return, as fully as his nature makes possible, to our former amicable relationship, I am afraid that the misunderstanding will be of long duration.<sup>1</sup>

The misunderstanding was intensified by Keen's difficulties in making The Canadian Co-operator a useful advertising medium for the various co-operative stores. In particular, advertisements aimed at a specific group of people for a definite time often appeared late in the Union's periodical. This tardiness particularly affected Whelan's store which needed wide-spread advertising for the sales and gimmicks it used to attract customers. To make the journal more useful,<sup>2</sup> Whelan suggested moving The Canadian Co-operator to Hamilton, a suggestion which Keen rejected angrily, regarding the idea as an implied criticism of his editorship.

The most important dispute between the two men broke out in 1910 over the issue of selling the Hamilton Co-operative

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1. J.P. Whelan to Keen, March 13, 1909, ibid.

2. Whelan to Keen, October 19, 1909, ibid.



Concern.<sup>1</sup> The sale of the company was possible because it was organized on lines distinctly different from the other Canadian co-operatives. It was essentially a one-man operation dominated by Whelan, who was a major stockholder as well as president and manager. In all the other co-operatives, the manager was a paid employee of the shareholders and was closely, often too closely, supervised by them through the board of directors. If such a condition had existed in Hamilton, then Whelan would not have been able to arrange so easily the sale of the Co-operative Concern to a new company financed by Toronto investors.

Whelan started to prepare for the sale of the Hamilton business shortly after the dispute with Keen arose over the ranking of the vice-presidents. For several months he carried out his negotiations in secret, and then in July, 1910, announced to the stockholders that a sale was necessary and advisable. He defended his proposition by pointing to the heavy costs constantly incurred in operating the store, and by suggesting that recent set-backs in other Ontario co-operatives indicated that the movement was doomed. He particularly emphasized the hazardous position of the Brantford co-operative, the co-operative with which Keen

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1. The following account is based upon C.C., September, 1910, pp. 4-5 and pp. 11-13 and on correspondence in C.U.C., vol. 5, 1908-09 AZ: file "C" & "W", vol. 6, 1910 AZ: file "C" & "W", and vol. 11, 1913 AL: file "C".

was most intimately connected.

Keen immediately reacted.<sup>1</sup> He denounced Whelan's contentions about the failure of co-operation generally, and used some of Whelan's recent glowing reports on the Hamilton Concern to suggest that he was betraying the business for his own profit. He also undertook to direct from afar a struggle against the sale of the Hamilton business. In a series of letters to Allan Studholme, a shareholder in the business and a member of the provincial legislature,<sup>2</sup> Keen provided a carefully drawn-up scheme aimed at undermining Whelan's domination. He wanted Studholme to insist on scrutineers in all votes; to contest Whelan's attempt to gain the power of attorney for purpose of sale; and to protest the sudden fashion in which Whelan announced the apparently poor position of the Hamilton Concern to its shareholders and customers. Keen further urged Studholme to charge Whelan with poor management of the store, pointing out that the store was selling over \$150,000, enough to permit a reasonable profit to be made if management was efficient.

Keen also attacked Whelan in an elaborate circular distributed among the Canadian Co-operative Concern's fourteen

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1. See C.C., September, 1910, pp. 4-5.

2. See C.U.C. vol. 6, 1910 AZ: file "S".

hundred shareholders just prior to a general stockholders meeting held on August 10, 1910.<sup>1</sup> The circular charged that Whelan had failed to secure the stockholders' approval for the sale; that he had misrepresented the business' position in the past; and that he was anxious for the sale because it would benefit him personally. Keen made the last-mentioned charge because Whelan was trying to arrange the sale of the Hamilton Co-operative Concern to the Rochdale Company, another business in which he had invested heavily. This transaction was suspicious because several thousands of dollars were involved, most of them coming from Toronto investors and most of them going to Whelan because of his investment in the Hamilton Concern. Moreover, Whelan would remain in charge of the store after the sale at an increased salary and with increased powers.

Despite Keen's best efforts, the meeting of August 10, 1910, decided in Whelan's favour. The reasons for the shareholders' decision are easy to discern. In the first place, Whelan was accurately describing the picture when he suggested that the company was not making sufficient allotments for depreciation. In time, this situation would lead to disaster, and Whelan apparently was making a sound argument by advocating a sale when assets were at their highest. Moreover, Whelan could offer shareholders dollar-for-dollar

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1. For copy see ibid., file "C".

shares in the new business and, in the process, thanks to the money invested from Toronto, a new, centrally located store in downtown Hamilton. Thus the shareholders were trading the probability of a decreasing dividend for the certainty of a new store in a better location. Whelan also suggested that stock in the new company, because it had no fixed rate of return, might be able to earn more than the seven percent provided by stock in the Canadian Co-operative Concern. In view of this apparently acceptable package and because of Whelan's forceful personality, the shareholders ignored Keen's attacks and voted for the best protection of their investments. Whelan was not a co-operator, as George Keen understood the word; but neither were the investors involved in the Hamilton Co-operative Concern.

The importance of the failure of the Canadian Co-operative Concern cannot be easily overestimated because it taught both Keen and Carter a number of lessons. Thenceforth, care would be taken to separate ownership from management so that the former would have complete control over the latter.<sup>1</sup> In the future, too, the two men would look suspiciously upon any co-operative venture not interested in education and not built upon a grassroots movement. Keen was particularly impressed with the lack of co-operative

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1. See C.C., September, 1912, pp. 4-5, and letters, Keen to R.H. Coats, August 8, 1910, C.U.C., vol. 5, 1908-09 AZ: file "C" and Keen to G.F. Chipman, July 26, 1913, C.U.C. vol. 11, 1913 AL: file "C".

spirit in the Canadian Co-operative Concern and saw this lack as the main reason for its failure. After reviewing Whelan's announcement of the proposed closing, Keen stressed that the business had been operated for purely selfish motives. Nowhere in the announcement, and only seldom in past advertising, could be found any avowal of the social and ethical aims of co-operation. This materialistic approach had meant that the Hamilton business had offered too high a return on capital, had engaged in a far too costly advertising programme, and had expanded too rapidly for the good of the shareholders. Thus, Keen concluded, the lesson to be learned was that co-operative stores should not try to reach too large a public at first; rather, they should carefully build up a small clientele, well-enamoured with the co-operative philosophy and devoted to the cautious expansion of the movement. If vindication needed to be found for a gradualist approach to co-operation, the Hamilton fiasco seemed to provide all the necessary arguments.

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The national executive learned a great deal from experiences with another discussion in the community, a prospectus for a co-operative society in Brantford had been issued on March 10, 1908.<sup>1</sup> George Keen was one of the

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1. See prospectus in K.P., vol. 3: file "Brantford Co-op 1908". The following description is based on letters in that file, another file in the same volume, entitled

original members, and he became president as soon as the incorporation of the society had been completed. The society was dominated by Englishmen who tried to operate their new society according to the standards set by British precedence. As in England they held frequent meetings in an effort to gain the continuous involvement of the membership,<sup>1</sup> and, from the beginning, were anxious to find good co-operators rather than just good customers:

While we are always glad to receive new applicants for purchasing-membership, we are better pleased to receive into our ranks active co-operators. The member who is not a co-operator is open to receive all that the movement will give him but contributes nothing beyond his individual trade towards producing the results desired.<sup>2</sup>

More money was spent on education than in other Union affiliates, and publication of a monthly periodical carrying the co-operative message was begun as soon as the store opened.<sup>3</sup> Almost from the beginning, however, the store was far from successful. In May, 1908, a special committee,

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"Brantford Co-op 1909", and on the following in the C.U.C. papers:

vol. 6, 1910 AZ: files "C", "L", "H", "R", and "W";  
 vol. 7, 1911 AL: files "C", "H", and "M";  
 vol. 8, 1911 MZ: files "M" and "S"; and  
 vol. 9, 1912 AL: files "B" and "C"

1. Announcement of first meeting, July 24, 1908. K.P.,  
 vol. 3: file "Brantford Co-op, 1908".

2. Ibid.

3. S. Carter to Keen, May 18, 1908, ibid.

appointed to investigate the store's poor start, recommended that the store be reorganized so that the manager should become essentially a canvasser for new members; that consistent shortages in the cash register should be avoided by having only one employee responsible for it; that one employee be hired to maintain better records; and that the directors should take turns working in the store on Saturdays.<sup>1</sup> This report, which was implemented, indicated a major problem encountered by most Canadian distributive societies, and one which plagued the Brantford society throughout its history: the continuous and multifarious pressures applied on the manager. Unlike his counterpart in traditional stores, the co-operative manager had to provide something more than merely good quality merchandise at reasonable prices: he had to become a missionary and a social worker at the same time. A few societies were able to find men capable of such labours, and a few were able to supplement their manager's weaknesses by using the services of talented directors, but the Brantford society was not one of these.

The reforms recommended by the committee allowed the society to keep afloat, but they did not allow it to declare any dividends. Early in 1910 a crisis was precipitated by errors in bookkeeping, errors which made the society's

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1. "Report and Recommendations of the Special Committee Appointed to Investigate the Management of the Store", May 22, 1908, ibid.

position worse than it was believed to be. The manager was replaced by an experienced British co-operator who seemed to have the training necessary to make the society a paying proposition.<sup>1</sup> A reorganization was undertaken, and societies elsewhere contributed a considerable amount of time and money to save the Brantford organization. Whelan and Carter each contributed fifty dollars, and these funds, together with loans from the Guelph and Hamilton societies and donations from the Brantford directors, allowed the society to meet the demands of its wholesalers.<sup>2</sup> For the moment at least, the Brantford society was saved.<sup>3</sup>

In June, Keen, wearied by the continuing battle to keep the Brantford society solvent, resigned from the presidency. He attributed the society's problems to the depression which undermined Brantford prosperity in 1907 and 1908; to the continuous management difficulties; and to the wariness of native-born citizens who had witnessed two earlier co-operative failures.<sup>4</sup> Another important factor, Keen believed,

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1. "Directors' Remarks", und., C.U.C., vol. 6, 1910 AZ: file "B".

2. Keen to J.F. VanLane, March 18, 1910, C.U.C., vol. 6, 1910 AZ: file "L". Keen, incidentally, contributed \$35.00.

3. Brantford was slow in paying back Whelan and the Hamilton Concern. See J.P. Whelan to Keen, April 13, 1910, ibid., file "W". This tardiness may have speeded Whelan's disenchantment with co-operation and stimulated his desire to desert the movement. If so, no record exists of his having stated so.

4. C.C., July, 1910, p. 7.



was that immigrants generally avoided the store because they wished to build up credit with merchants in the town.<sup>1</sup> Whatever the causes, the society continued to totter on the brink of disaster in 1910, and Keen, plagued with enough threatened catastrophes in his regular C.U.C. work, stopped playing a major role in the society's affairs.

A short time later, Keen threatened to resign from the board of directors, this time over a question of principle. John Robertson, a Massey-Harris employee interested in the Brantford society, suggested that a three percent dividend be paid on all sales, the funds to be raised by a careful increase in the prices charged for such items.<sup>2</sup> Keen vigorously protested that such a system--which in effect anticipated imitators of co-operation some years later--was a complete violation of basic co-operative principles. The so-called "dividend" would deceive the members, the precise antithesis of the co-operative aim of increasing an understanding of the distributive process. It would also make accurate the Retail Merchants Association's claim that the co-operative dividend was a sham. It would be impossible for Keen to remain even marginally associated with the society if such a plan was adopted.

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1. Keen to R. Humphreys, August 16, 1910, C.U.C., vol. 6, 1910 AZ: file "H".

2. Keen to J. Robertson, September 10, 1910, ibid. file "R".

In response to Keen's argument, Robertson penned a paragraph which can stand as the typical pragmatic rejoinder to the idealism of the C.U.C.'s secretary:

To attract trade at once I have greater faith in an obvious attempt to do something for the members that all can realize than I have in the higher more idealistic campaign. You cannot carry the idealism of the great societies of today into the little trading store of a Rochdale back street or into a little store on a Brantford side street unless you mix some ordinary attractive business in with it & discount for cash payment is everywhere practised as good business. If all were heroes saints & martyrs the world would be different but they are not and a great many of our members who have supported us through trying times would like to point to some slight advantage that they gain by dealing at the Co-op.<sup>1</sup>

Keen could neither accept the argument then nor when it appeared, in different forms, at later times. Earlier, he had<sup>2</sup> unwillingly departed from a minor Rochdale rule by accepting a decision of the majority of members permitting the use of "bargains" as a means of attracting customers.<sup>3</sup> Beyond that he would not go:

Experience has taught us that violation of Rochdale principles is, so far as the Co-operative Movement is concerned, about as serious in its consequence as the violation of a natural law.<sup>4</sup>

This strong stand convinced most of the membership; Robertson's plan, born in desperation, was never adopted,

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1. Robertson to Keen, September 14, 1910, ibid.
  2. Keen to Robertson, September 15, 1910, ibid.
  3. Keen to Robertson, September 10, 1910, ibid.
  4. Keen to Robertson, September 15, 1910, ibid.

and the Brantford society remained in its weakened but ideologically-pure position.

The end of 1910 saw yet another crisis at the store in the Union's home town. Declining patronage, an incompetent manager, and dwindling enthusiasm nearly forced the store to close its doors. Keen made several donations from his modest savings, and Lloyd Harris loaned \$200 while the Conservative member for the provincial constituency advanced \$25.<sup>1</sup> Once again, the society took on appearances of life and cast about for a new manager. This time the candidate came from the C.U.C.'s affiliate in Valleyfield. He was "a very capable grocer but his first week showed that he was a hopeless inebriate."<sup>2</sup> Following his dismissal, the society hired an experienced British manager who had been trained in the Leeds Co-operative Society. For a while his enthusiasm and ability allowed the society to make a modest recovery, and, for a few months, there was as much money coming in as there was going out.

Unfortunately, meeting expenses was not enough because of the amount of money previously owed. To survive, the society had to agree to pay its creditors in excess of \$1,500 within a year. Such an amount, from a society which had

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1. Keen to G. Lawson, March 4, 1911, C.U.C., vol. 8, 1911 MZ: file "V".

2. Keen to S. Carter, April 3, 1911, C.U.C., vol. 7, 1911 AL: file "C".

never been able to pay a dividend, was far beyond its capabilities. Against the advice of Keen, who apparently had written off the organization, the directors appealed for aid from more successful societies such as Guelph.<sup>1</sup>

Keen opposed directing more funds to the society because of its perpetual problems, but he was overruled, and the other affiliates advanced loans to keep the Brantford organization alive through 1911. But this time the last dollar had been found. Failure to provide a dividend at the end of 1911 and increasing demoralization at all levels of management precipitated still another crisis in February, 1912. Only one director appeared at a meeting called during that month,<sup>2</sup> and in March the society closed its doors.<sup>3</sup>

The failure of the Brantford society was thought to be a serious blow to the Union's work. After all, Keen, the Union's authority on starting co-operatives, had been intimately associated with the society for much of its history. It had been organized in a city dominated by working-men, and it had the support of the local Trades and Labour Council. It benefited from the experience of numerous co-operators familiar with the British movement, and, for a while, it had managers trained in Great Britain. It was located close to

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1. Keen to Carter, August 22, 1911, ibid.

2. Keen to directors, February 22, 1912, C.U.C., vol. 9, 1912 AL: file "B".

3. Keen to Carter, March 5, 1912, ibid., file "C".

relatively prosperous societies which were willing to provide advice and occasionally money. And yet it failed.

vi

In the final analysis, though, the Brantford failure had some positive aspects because it, along with the Hamilton fiasco, provided the practical experience from which the Union derived most of its policies. The rules inspired by the fate of the two organizations were essentially simple and could be applied whenever co-operative interest appeared at any given place or time. But they were not weakened for being simple; in fact, for George Keen they became irrefutable dogma, and he used them, with little alteration, for over thirty years.

The rules devised by Carter and Keen were to be applied as soon as any group wished to organize a society. All societies should be started by a carefully-planned campaign to gain the support of as many citizens as possible and to insure consumer control from the beginning. The first step should be a well-publicized meeting, free from the domination of any individual or group.<sup>1</sup> The most important task of this meeting was the election of an organization committee to investigate any questions raised and to evaluate the sincerity

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1. C.C., September, 1910, p. 4.

of the potential membership. Keen particularly emphasized the importance of electing rather than appointing the organization committee. He hoped that elections would prevent domination by a single man as had occurred in Hamilton.

If the committee found that interest was sufficiently high to warrant further action, it then proceeded to organize the society. This stage in the organization process was also regarded by Keen as being crucial because the initial interest could easily be frittered away. The point was that the committee had to attract large numbers of people who were willing to invest a small sum and, more importantly, to pledge sustained patronage for several months. Without that pledge difficulties common in even stronger societies at the beginning could prove to be fatal. Above all, the committee, through its membership drive, should strive to make members realize that they, not those entrusted with management, were the real proprietors. Each major step should involve member participation so that members would be in control from the beginning and that management would be aware that they were employed by the people they served. Such a process usually involved considerable time, but that time was well spent because it gave members the opportunity to learn about the essential principle of involvement.

With the completion of the initial membership drive, the organization committee should oversee the incorporation according to the regulations of the relevant provincial

statute. Following this formality, the committee should convene a meeting of all shareholders and resign, to be replaced by a statutory board of directors, made up of an entirely different group of members. A complete turnover was desirable, because, in Keen's view, effective control should be distributed among as many members as possible.

The main initial task of the board was to preside over the actual opening of the store. As in its previous advice, the C.U.C. urged boards to proceed slowly and to wait until conditions were as favourable as possible before opening the doors. Carter and Keen recognized that most people joined a co-operative society because of the potential dividends, and so they counselled that operations should not begin until the society had sufficient funds to survive the first few months and to ensure the early payment of a small dividend. The board should also proceed cautiously in the selection of a site for the store. Keen believed that a co-operative store must have its members close at hand so as to reduce the costs of delivery; he suggested, therefore, that the board should select a site in the midst of active co-operators, and then try to enlist the support of their unconverted neighbours. Such restricted concentration would greatly reduce the expenses of the store by keeping the cost of deliveries at a minimum. This expense, necessary to allow stores to compete, was one of the most vexatious problems encountered by early co-ops in urban settings;

store after store, in Ottawa, Toronto, and Montreal, succumbed because they tried to sell to people living too far away from the store.

Once these difficulties had been grappled with, the boards should turn to the question of management, perhaps the most perplexing problem facing co-operators in the Union's early history. Between 1908 and 1910, the Brantford society had six managers, each creating his own set of problems and leaving behind steadily increasing debts and community disenchantment.<sup>1</sup> Such experiences were not unusual, and it is not difficult to see why the problem of management was continuously before the Union. The people who started co-operative societies during the early years were seldom very sophisticated in selecting staff. As one co-operator wrote about his own society:

The workers are anxious and eager to co-operative [sic] with each other but they lack experience, education and self-confidence, to take the ordinary businessman and put him in charge of co-operative work. You are nine cases out of ten placing a man where his whole life training has been against his new work and on the other hand taking a man from among themselves he entirely lacks experience and very often is measured by his mouth or the amount of talk he can make which gives no measure of his organizing or other executive ability.<sup>2</sup>

Of the two common alternatives--elevating one of their number or selecting a manager from the "competitive trade"--workers usually opted for the outsider. In the view of the

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1. Keen to R.H. Coats, September 15, 1910, C.U.C., vol. 6, 1910 AZ: file "C".

2. W. McLeod to Keen, November 21, 1910, ibid., file "G".



national executive, this way of solving the management problem was fraught with risk:

The average grocery manager knows nothing of Co-operation & has had bred into him the viewpoint of the average competitive trader. He knows nothing of the social methods which bring the people together or the propagan-da machinery which so enthuses members that they each become voluntary workers for the Movement. The Co-operative manager is not only a trained co-operator he has graduated in Co-operative methods of business by examination as well as practical experience.<sup>1</sup>

The practice of selecting an untrained member as manager was also dangerous because inexperienced direction could easily produce disaster.

Despite their concern over the management question, neither Carter nor Keen was anxious to impose any manager upon a society. In fact, they seldom recommended that a society hire any specific candidate. Their unwillingness to intervene decisively emanated partly from their belief in local responsibility and partly from their desire to protect the Union: if the Union enthusiastically supported men who eventually failed as managers, then its reputation would deteriorate rapidly. Trying to find the right man for the right society--and in nearly every case the personalities of the directors and of the manager were key factors in any society's success or failure--was practically impossible.

Nevertheless, Keen did recommend some managers more highly than others, and, usually, the more highly rated in

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1. Keen to E.S. Scott, October 22, 1910, ibid., file "S".

the pre-war period were those trained in Great Britain. In contrast to the handful of partly-trained Canadian managers, the British movement had over 125,000 managers, many of them<sup>1</sup> trained in special schools operated by the British Union. Many managers were available, too, because the British movement was consolidating its smaller stores during the early twentieth century, causing many men to look elsewhere for positions. Keen hoped, especially in 1910 and 1911, that many of them would come to Canada because he believed them to be, "men who have not only practical experience but who are well-informed and enthusiastic Co-operators.... Men of that type would not only have skilled mercantile experience but would be quite as well if not better posted than ourselves in the technique of the Movement. We should indeed be filling the country with skilled propagandists...."<sup>2</sup>

There were numerous problems associated with importing British managers. They were not necessarily well prepared for work in new societies struggling in an unsympathetic Canadian environment because they came from established businesses working among people familiar with co-operative enterprises. They were accustomed to security and only rarely capable of the type of evangelism needed to expand the Canadian movement. There was also a certain amount of

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1. Keen to E.M. Tousley, June 27, 1911, C.U.C., vol. 8, 1911 MZ: file "T".

2. Keen to R.H. Coats, September 15, 1910, C.U.C., vol. 6, 1910 AZ: file "C".

natural animosity toward Britons in Canada. Even in Canada where, "under the British flag, his peculiarities are tolerated and expected ...",<sup>1</sup> the average Englishman, "insular in his view and perfervide [sic] in his attachment to national customs....",<sup>2</sup> was not universally admired.

The practice of inviting British managers could also produce considerable inconvenience for many people. Keen's experience with one Archibald Litt can be cited as a case in point. Keen was much impressed with Litt, a well-trained co-operator who arrived in 1911, and went to great lengths to find co-operative employment for him. While Litt stayed in the Keen home in Brantford, Keen sought an appointment for him in a new store at St. Thomas, but failed to do so despite making a special trip to the village to plead on Litt's behalf.

Keen then sent him to Hamilton to work as a propagandist for another emerging society, only to have that plan fall through when the society failed to raise adequate capital. With that failure, Litt found himself a position outside of co-operative work, only to be summoned back to Brantford as a fully-employed propagandist for the C.U.C. Once again, financial difficulties intervened, and, after a month, he was unemployed. Finally, Keen secured a job for Litt as manager-

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1. Keen to E.M. Tousley, June 27, 1911, C.U.C., vol. 8, 1911 MZ: file "T".

2. Keen to R.H. Coats, September 15, 1910, C.U.C., vol. 6, 1910 AZ: file "C".

organizer of a distributive co-operative in Eckville, Alberta. Litt travelled west and became the manager of the Eckville store, a position he held for many years. But finding a position had been possible only because Litt was willing to suffer considerable inconvenience. At that, he was relatively fortunate: most of the British managers who came did not find a position. The Canadian movement was not big enough, spiritually or physically, to employ many missionaries from British co-operatism.

Another problem commonly met in the management of Canadian co-operatives was the development of good boards of directors. In Great Britain, boards were important sources of strength for societies because they usually included some individuals with wide-spread co-operative experience. There were thousands of men in the United Kingdom who had served many years on various co-operative boards, and they provided continuity of direction, experienced leadership, and examples of devoted service. In Keen's view, the dynamic boards were an important reason for the success of the British movement, and he hoped to develop similar institutions in Canada.

Unfortunately, Canadian boards were frequently dominated by men recently informed about the movement and primarily attracted by the material advantages potentially available. In only a few societies, such as the British Canadian in Sydney Mines, did boards act with altruism and energy. Indeed, in some societies, board members often sabotaged their

own store by bargain hunting or by withdrawing when they did not get their way. Overcoming this problem was not a matter of rules, and the Union could do little except impress upon societies the importance of electing true co-operators to the management boards.

If a society survived the initial difficulties of organizing, finding a site, and selecting sound management, it still had to survive yet another crucial period: the first few months or years when basic patterns would be established, patterns which would ultimately determine the fate of the society. Once again, the C.U.C. advised that boards proceed very slowly, declaring dividends only after healthy surpluses had been collected, and expanding only when demand clearly could not be ignored. The C.U.C. executives offered this advice because they believed that members expecting too much at the beginning could be easily disillusioned. Keen and Carter also argued that dividends in the first few years should be kept low and that considerable money ought to be devoted to reserves and to education.<sup>1</sup> These rules, they hoped, would help to produce small societies operated by convinced co-operators who could slowly, but surely, expand the movement. The contrasting method of offering large dividends was rejected because it gave little protection from

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1. Keen to W. Dood, August 18, 1910, C.U.C., vol. 6, 1910 AZ: file "N".

the vagaries of the market place and tended to attract "divy-hunters", those opportunists who joined the movement simply because of possible financial gain.

The superiority of slow expansionist methods was easy to demonstrate. The co-operative efforts of the various old farming organizations had all failed, according to the conventional wisdom, because they had sought to expand too rapidly. In contrast, the Sydney Mines Society, usually the strongest Canadian society after 1910, had built upon the strong foundations of slow expansion, large reserves, and extensive educational activities. Moreover, Hamilton had been lost to the movement because it became too large, too soon, and Brantford had failed partly because of inadequate reserves.

Because they believed so deeply in co-operatism's higher goals, Keen and Carter emphasized to emerging societies the importance of educational activities. Purchasing copies of The Canadian Co-operator was one means of developing an educational program, but it was no more than a beginning. Another technique was the sponsoring of special meetings, especially during the winter months, to consider questions of co-operative philosophy and operating methods. The Union also advised societies to present lectures, to furnish entertainment, to develop study clubs, and to undertake public projects. All of these activities would permit co-operatives to maintain enthusiasm, attract members, improve the

community, and pave the way to the Commonwealth.

## vii

Such were the maxims most frequently preached by the C.U.C. executive to men beginning societies during the Union's early years. In many respects, they were superficial, but they were useful in gauging the new societies as they appeared. They were often of little use, however, when societies came to face day-to-day exigencies. In the final analysis, the societies prospered or faltered most commonly according to the quality of management. Each organization had its own internal history, meaning that the establishment of common principles covering all societies was virtually impossible. Try as they did, Keen and Carter could never formulate a completely satisfactory way to gauge the success of a society or to advise, with any real degree of certainty, in the event of difficulty. In this sense, ironic as it may be, all the principles they sought to develop to insure success could be vitiated by the fundamental nature of co-operation: local responsibility.

Nevertheless, the Union executive spent a great amount of time developing rules for consumer societies because of their devotion to the "consumer theory of co-operation." This theory suggested that the surest way to bring about the Commonwealth was by concentrating upon consumer societies rather than by emphasizing worker co-partnerships, credit

unions, or housing co-operatives. These other forms were useful and should be encouraged, but they individually lacked one or more of the virtues of consumer societies: constant use by members, ease of expansion into other forms of co-operation, and obvious value to all citizens.

Emphasis on stores also made much sense in Canada when the Union was born. In the early twentieth century, the retail merchant business in Canada was caught between the declining system of independent retailers and the emergent methods of the modern chain store. Since the latter had not reached their peak, co-operators could, with relative ease and low investment, improve on the existing methods of distribution. In particular, consumer co-ops had good opportunities in urban areas where labour purchasing power was gathered together in working-men's districts and union halls.

The emphasis on distributive co-operation among labourers was also another way in which the C.U.C. sought to duplicate British co-operation in North America. The British movement had started as a consumer movement among labouring men, and, in the early years of the twentieth century, was enjoying wide-spread growth in the industrial and manufacturing regions of the "Old Land". British co-operators viewed their movement as the natural corollary to unionism, arguing that higher wages would not be beneficial unless workers could keep the cost of goods at a reasonable rate. Only co-operation, by marshalling the collective power of consumers,



could protect gains made in wage settlements from the ravages of inflation.

In appealing to Canadian organized labour, Keen replied upon this basic approach of the British co-operators, but he altered one aspect of it somewhat. The British co-operative movement, intentionally or not, had become very class conscious, thereby reflecting the society in which it had been born. In Canada, Keen discerned, class divisions were not as readily apparent, and, more importantly, working-class organizations were too weak to wield much influence. He decided, therefore, that the struggling locals of the various unions should be used, but that any co-operatives developed must be open to everyone. Keen found this decision difficult to make as he was very sympathetic to unionism, and he believed that co-operation could become a valuable means of uniting workers against the groups that exploited them. But, ultimately, his co-operative loyalties prevailed, and he insisted that Union affiliates be open to all citizens regardless of economic position.

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Between 1909 and 1911, however, the Union did not confine itself entirely to the stimulation of consumer co-operatives. In those years and after, the mystic co-operators most active in the Union executive attempted to demonstrate how co-operation could be applied to many activities. The

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pages of The Canadian Co-operator in those years contained many references to European credit unions, housing co-operatives, labour co-partnerships, and co-operative farms. At the same time, the Union leaders generally supported attempts to have public utilities placed under municipal control, arguing that public ownership on a local level--significantly not on a provincial or federal level--was another form of co-operation. These efforts meant that co-operative leaders became prominent members of the community and leaders in many movements not obviously related to co-operation.

One variety of co-operation which the Union tried to spark was the labour co-partnership. Samuel Carter was the most active proponent of this type of co-operatism, George Keen never having the opportunity to become directly involved. Carter was approached by Guelph town councillors in 1910 about the possibility of developing a co-partnership so that a vacant building owned by the town might be put into use. Carter reacted enthusiastically to the suggestion and began to plan for the new venture. He was an ideal promoter for the co-partnership because of his own business success, his work for the Guelph co-operative, and his good connections with local businessmen.

Carter developed a scheme for a furniture factory that would have given a moderate amount of the profits and management to the workers. According to his plan, the company would pay a fixed, low rate of interest on capital and would

divide its surplus equally between the workers and a reserve fund, the portion going to the workers to be divided proportionately according to the salaries earned by each. The actual management of the factory was not well defined in Carter's scheme, but it was understood that Carter would provide direction during the company's early years, retiring when the workers were sufficiently experienced.<sup>1</sup>

Although Keen viewed Carter's plan enthusiastically, he had some misgivings about it. His enthusiasm was based on his faith in Carter and on his belief that co-partnership was "the only principle which on an equitable basis harmonizes completely and effectively, the conflicting interests of labor and capital."<sup>2</sup> But he was concerned from the beginning about Carter having to bear so much responsibility; Keen believed Carter was already too busy, and that, in any event, the workers should provide their own leadership. Keeping in mind the various failures of Robert Owen and the Christian socialists, he believed that co-operative leaders should avoid managing societies directly but should contribute their efforts in strictly advisory capacities. He counselled Carter, therefore, to remain involved but to assume an advisory position as soon as possible.<sup>3</sup>

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1. For an outline of the original scheme, see Keen to R.H. Coats, December 10, 1910, C.U.C., vol. 5, 1908-09, AZ: file "C".

2. C.C., January, 1911, pp. 9-10.

3. Ibid., p. 10.

Keen also criticized alterations made in Carter's original plan. In order to gain support, Carter had explained his project to the City Council, the Guelph Trades and Labour Council, and the Guelph Board of Trade. Each of these organizations approved the basic method of organization, but, as a result of the negotiations, an alteration was made in the plan for distributing profits. A limit was placed, for indeterminate reasons, upon the amount of profits going to workers: instead of receiving one-half the profits, the workers were to receive up to ten percent of what they ordinarily earned, the amount being fixed by the quantity of the profit. Keen objected to this proviso because it failed to specify how the remaining funds would be used and because it unnecessarily limited the awards available to the workers.

Keen was not the only one to view the Guelph co-partnership with some misgivings. Although they had originally endorsed the project through the Board of Trade, Guelph businessmen soon lost their enthusiasm for the co-partnership. Guelph co-operators charged that this desertion was engineered by the Retail Merchants Association, but no real proof of a conspiracy was ever given. Rather, it would seem that the plan, though motivated by high ideals, was neither sufficiently definite nor adequately popularized to be successful. It also smacked of paternalism, and Keen was probably correct in essaying that such a motive, in co-operative endeavours at least, was self-defeating. The end result was that the

co-partnership, like so many early projects of the C.U.C., did not get off the ground; it died even before the organizational period had been completed.

Carter's efforts on behalf of Guelph labourers were emulated by George Keen in Brantford. Both men tried, between 1909 and 1911--and especially from 1912 to 1915--to use the self-help principle of co-operation as a means of combatting some of the problems created by increasing urbanization. In doing so, they became concerned with social problems often ignored by leaders at the provincial and federal levels of government. The disinterest of the senior governments was understandable in a nation preoccupied with expansion and dominated by leaders primarily interested in production. But urbanization was forcing its own changes, and, even in the comparatively small town of Brantford, the problems, associated with urban growth and with the increased demands of steadily more sophisticated residents, meant that municipal officials were confronted with a very difficult dilemma: on the one hand the town's businessmen were urging municipal support for rapid industrialization; on the other, reformers, often led by co-operators, were insisting on inexpensive services for those already in the towns and on slow, steady growth so as to avoid massive exploitation through speculation.

Behind the co-operator's concern over unduly rapid urbanization was an ingrained fear of large cities. In part,

this fear was derived from the many difficulties encountered in forming co-operative societies in large centres. Co-operators had found that urban distributive societies had difficulties in functioning, partly owing to the costs of delivering goods. More seriously, co-operators found it difficult to develop what they called "associative spirit" in large urban settings. Metropolitan centres did not provide the type of communal feeling necessary to see co-operative ventures through the difficult early years, and only rarely did urban clubs or working groups possess the necessary group consciousness.

The antipathy of co-operative leaders toward large cities was also partly caused by the belief that urban centres spawned evil. This conclusion, which became more significant as farmers became prominent in the C.U.C., was based primarily on the class distinctions evident in such metropolitan centres as Toronto. Keen demonstrated this rejection of the huge city by campaigning in Brantford for slow, orderly development and by writing:

A larger city does not produce a better man or a higher degree of average prosperity. The large city is the most prolific source of human degeneracy. The larger the city the greater the disparity between the social conditions and the material welfare of the people. On the one hand we find a few very rich families, frequently most conspicuous for their ostentatious vulgarity, and on the other hand a great number of poor people who rarely secured more than a hand-to-mouth existence.<sup>1</sup>

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1. C.C., March, 1911, p. 6.

Hostility toward large cities did not lead early C.U.C. leaders to support back-to-the-farm movements. They advocated smaller cities of thirty to forty thousand people, cities that would foster family life and maintain community consciousness. Smaller cities would make it easier for municipal governments to fulfill their obligations, and, above all, they would permit co-operators to develop:

The ideal Canadian city [which was] a well-thought-out and systematically developed scheme of co-partnership houses, occupied by workers engaged in labor co-partnership factories, buying their merchandise from their own Co-operative store.<sup>1</sup>

Keen's activities in Brantford demonstrated the concern Union leaders had for improving the communities in which they lived. Aside from his efforts to organize a strong Brantford co-operative distributive society, Keen was active in a number of local reform and educational institutions. He was a dominant leader in the Brantford Congregational Church's Social Progress Club, an undenominational discussion society. Keen served as secretary for the organization and led a number of discussion periods on such topics as: "Trade Unionism"; "The Life and Times of Karl Marx"; and "Lesson from the Life of William Booth".

He was also a prominent advocate for an increasingly larger role for municipal governments. Beginning in 1911, Keen wrote articles for The Brantford Free Press eulogizing

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1. C.C., November, 1910, p. 5.



European experiments with public ownership. These articles attracted considerable attention and outraged the more traditional town leaders, men whom Keen saw as an oligarchy "socially and commercially interlocked" because, by chance, they were "descendants of the people who struck the city when it was nothing more than an Indian village."<sup>1</sup>

Keen's struggles with Brantford's ruling clique did not produce many changes until the 1912-1915 period, but they began in the Union's earliest years as a part of his effort to hasten the coming of the Co-operative Commonwealth. Such involvement indicates that he was only in part turning away from political involvement despite the failure to secure adequate co-operative legislation from Parliament. That failure had convinced him that the two major parties were indifferent leaders of reform movements, but it had not destroyed his reform sympathies. Thus, from 1911 onward, he--and other co-operative leaders--would scorn the houses of the power brokers, but they would remain sympathetic to any moderate political movement emerging from grassroots unrest.

His sympathy for reform, however, did not make him sympathize with Canadian socialism. Many people in the early 1900's equated co-operation with socialism, partly because both movements had sprung from similar sources overseas.

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1. Keen to C.O. Boring, February 23, 1914, C.U.C., vol. 13, 1914 AM: file "B".

In England, Fabian socialists, such as the Webbs, were active co-operators, while in such countries as Italy socialists were the backbone of the co-operative movement. Such integration was acceptable in the more tolerant political climates across the Atlantic, but it was regarded sceptically by the majority of North Americans. Thus, Keen, in developing the publicity for the C.U.C., had to distinguish constantly between co-operative and socialist views, a task made difficult by his desire to avoid antagonizing socialists sympathetic to co-operation.

Keen sought to hold and to attract socialist co-operators partly by adhering to his official political neutrality, but mostly by emphasizing common ideals and goals. When confronted by socialist recriminations and queries at a 1910 public meeting on co-operation, Keen, as on other occasions, avoided controversy by suggesting that queries about his views of socialism were irrelevant and that he was present as an authority on co-operation only.<sup>1</sup> Keen frequently pointed out that socialism and co-operation agreed that capitalism was a sinister force, that increased power was required by the lower classes, and that there was a need for extensive change in the Canadian economic system. By emphasizing such points of agreement, Keen hoped to attract socialists without committing the movement to their denomination.

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1. Keen to J. Pilkington, Sydney Mines, September 10, 1910, C.U.C., vol. 6, 1910 AZ: file "P".

To calm the fears of moderate co-operators and to state his own view of socialism, Keen also presented a sympathetic critique of socialist thought and method. He was particularly critical of North American socialism because he believed it reflected "the prevailing materialist conditions."<sup>1</sup> British socialism, Keen and his supporters believed, had a moral basis which made self-sacrifice for the common good both admirable and even mandatory. Canadian and American socialism, in contrast, was typically North American, therefore ridiculing sentiment as a motivating force and advocating arbitrary nationalization as a means of power. More fundamentally, Keen suggested that socialism was a naive, simplistic set of doctrines because it depended too much upon political action as a way of bring about a Utopia. To Keen this was too optimistic because "individuals could obtain political power equal to that of capitalists and use it for the same purpose by organizing the great mass of ignorance."<sup>2</sup>

The only real method of gaining power for the lower classes was through massive education and organized self-help. In both areas, socialists were lax. Socialists, because of their political orientation, did not expend sufficient energy on training the masses to exert power within the economy, the sector of their lives over which they had the least control.

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1. Keen to J. Pilkington, Sydney Mines, September 10, 1910, C.U.C., vol. 6, 1910 AZ: file "P".

2. Keen to A. Soper, Aylmer, Ontario, September 13, 1910, ibid., file "S".

In fact, Keen suggested that such education, not political reform, was the only hope of democracy. Thus, Union executives, in developing their methods between 1909 and 1911, emphasized the importance of community action and, while devoting most of their time to advising consumer societies, nevertheless participated in numerous campaigns aimed at community development.

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By 1911, the Union had reached the point where some decisions had to be made about how it would be operated in the future. There had been failures in the first two years--struggling societies in London and St. Thomas had failed along with those in Brantford and Hamilton--but the years were more remarkable for the movement's popularity than for its reverses. The official statistics for 1909 showed that six reporting societies with 1,600 members had sold \$347,000 worth of goods; those for 1910 recorded nine affiliated societies with 2,600 members and a retail trade of \$570,000. Progress continued through 1911, and, by the end of the year, twelve reporting societies had a membership of 3,800 and a trade of \$790,000.<sup>1</sup>

This growth created two major problems for the fledgling Union. Firstly, Keen was extremely overworked: there were

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1. C.C., April, 1914, p. 10.

too few individuals who were willing or able to provide the type of labour the Union required.<sup>1</sup> Secondly, Keen was finding it increasingly difficult to finance the Union's activities. Under the original organization scheme for the Union, each society agreed to contribute fifty cents for each one hundred members and to purchase as many copies of The Canadian Co-operator as possible.<sup>2</sup> Unfortunately for the C.U.C., the revenues so gained were insufficient owing to the costs of advising newly-formed weaker societies.

Much of the increase in business grew out of the expanding interest in co-operation among people in British Columbia and on the Prairies. The first of the British Columbian consumer societies to demonstrate an interest in the Union was the New Westminster Co-operative Association, one of the first organizations to become affiliated in the Union's formative years. The key individual in stimulating this early interest was Walter Dodd, the society's secretary who was also secretary of the local T.L.C., and alderman for New Westminster.<sup>3</sup> Dodd was a mystic co-operator who agreed with the fundamental aims of the C.U.C., even to the point of having his society purchase two copies of The Canadian Co-operator for each of its members: Dodd believed that the

1. Keen to J.J. Hurley, January 26, 1911, C.U.C., vol. 7, 1911 AL: file "H".

2. C.C., September, 1910, p. 7.

3. Keen to P. Parker, August 3, 1911, C.U.C., vol. 8, 1911 MZ: file "P".

extra copy could be well used if each member would pass it on to a friend.<sup>1</sup>

In the first two or three years of the Union's existence, however, nearly all co-operatives in British Columbia refused to be associated with the C.U.C. Most of them believed they were developing educational techniques suitable to their own clientele and environment. As the secretary of a struggling society in Rossland saw it:

Perhaps our methods [of education] would not be acceptable in the East, nor Eastern methods be acceptable here. For the present at any rate we prefer to paddle our own canoe.<sup>2</sup>

The Union's first contacts on the Prairies were with the growing farmer-owned grain companies. Shortly after the first appearance of The Canadian Co-operator, George Keen received an offer to exchange publications from G.F. Chipman,<sup>3</sup> the assistant editor of The Grain Growers Guide. This offer, which was accepted, led to a lengthy correspondence between the two men. Chipman was enthusiastic about the movement and was at least partly responsible for the extensive coverage given to North American and European co-operation on the pages of The Guide. Viewing the Canadian movement, Chipman saw no basic difference between co-operative developments on the Prairies and those in Eastern Canada.

1. C.C., November, 1910, 1910, pp. 6-7.

2. Secretary, Union Co-op Association, Ltd., Rossland, B.C., to Keen, July 20, 1909, C.U.C., vol. 5, 1908-09 AZ: file "S".

3. G.F. Chipman to Keen, October 18, 1909, ibid., file "G".

Ignoring the Union's preoccupation with working class consumers in Central Canada, he believed that the only difference was that in the West the movement existed to "distribute the produce of the soil" while in the East it existed to "distribute the commercial commodity used by the farmer."<sup>1</sup> Thus, he believed close co-operation between co-operators in the two regions was possible and desirable.

A number of developments did make some co-ordination possible in the years before World War One, although, in the final analysis, the weakness of the Union made a strongly integrated effort impossible. Agitation for federal legislation was picked up by The Guide from the C.U.C.,<sup>2</sup> and, during 1910, nearly every issue of the western journal contained a demand for a national co-operative bill. Keen provided some of the ammunition for The Guide in this campaign by writing short articles emphasizing how progress could be achieved with the assistance of good legislation.<sup>3</sup>

This type of activity did not help secure the passage of a federal bill, but it did help to make the Union better known in the West. As a result, when the Prairie farmers began to investigate the possibilities of the collective

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1. G.F. Chipman to Keen, October 28, 1909, ibid.

2. Ibid.

3. For example, see Keen's article, "The Co-operative Movement and Bills, their value to the Farmers", The Grain Growers Guide, February 9, 1910, pp. 10-11.

buying of farm supplies, partly because of Keen's writings, but mostly because of The Guide's promptings, a few turned to the C.U.C. for advice. During 1910 and 1911 several groups of western farmers, some of them affiliated with the Grain Growers, wrote to ask for advice in establishing consumer co-operatives. In response, Keen gave the same advice he extended to eastern enthusiasts, stressing the importance of public meetings open to all, the creation of a provisional board, and the election of a statutory board which would appoint the permanent officials.<sup>1</sup> Keen also emphasized the importance of keeping the costs of shares at as low a figure as possible to ensure maximum membership, a principle not always accepted by westerners anxious to insist that stores be based on an absolutely dependable membership.<sup>2</sup> He believed that stores in the West must have the same characteristics as successful societies in the East: an enthusiastic membership bound together by principles and devoted to the cause of local improvement.

Despite Keen's belief in the universality of the method he favoured, conditions were not the same. Western farmers generally became involved in consumer societies because of their experiences with co-operative marketing; most of them

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1. For a copy of a typical letter to a group of enquiring farmers, see Keen to S.E. Penn, January 2, 1911, C.U.C., vol. 7, 1911 AL: file "P".

2. See exchange Keen and John Magdell, July, 1911, C.U.C., vol. 8, 1911 MZ: file "M".



were mystified by the Union's advocacy of the consumer theory of co-operation, and Keen elicited little response when he suggested that production should be organized in the interests of the consumer. For most farmers, distributive co-operation was merely a method of reducing costs and a technique for checking the rapacity of retailers and wholesalers.<sup>1</sup> Thus, the information they usually wanted from Keen concerned the reliability of wholesalers,<sup>2</sup> and the possibility of arranging for the direct shipment of goods from eastern factories to western farmers.<sup>3</sup> In response to such pragmatic questions, Keen, without any experience in the wholesale or retail trade of Western Canada, could give very little advice indeed.

The frequent letters Keen received from western farmers between 1909 and 1914 are mostly explained by the lack of advisory institutions in the West. The companies operated by the grain growers were involved in supplying farmers with such basic needs as binder twine and machinery, but, unlike the United Farmers of Ontario,<sup>4</sup> when it emerged, they avoided

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1. W. Grainger to Keen, May 2, 1910, C.U.C., vol. 6, 1910 AZ: file "G".

2. N. Gerber to Keen, July 18, 1910, ibid.

3. G.H. Blackwell to Keen, February 7, 1910, ibid., file "B".

4. Hereafter, when desirable, abbreviated to U.F.O.

establishing local stores. The most the companies did in the early years was to offer moral encouragement to farmers interested in starting their own stores.<sup>1</sup> Above all, they speedily rejected any effort to interfere drastically with the existing distributive system. E.A. Partridge, for example, put forward a plan to end unnecessary duplication by placing stores under farmer control and by limiting each town to one of each type of store--grocery, hardware, and farm machinery.<sup>2</sup> This notion, similar in concept to the approach of the Right Relationship League in the United States, attracted no support in Canada. The C.U.C.'s attempt to organize communities around the co-operative store likewise attracted no more than a benign smile and some occasional mild encouragement from the western organizations.

Similarly, the governments of the West did not instantly undertake to advise consumer societies when they began to appear in quantity about 1910. Alberta did not have an act specifically governing co-operatives until 1912, while Manitoba and Saskatchewan did not secure legislation until 1913.<sup>3</sup> These pieces of legislation varied considerably,<sup>4</sup>

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1. G.T. Chipman to Keen, January 13, 1910, C.U.C., vol. 6, 1910 AZ: file "G".

2. E.A. Partridge, "Shall the People of the West Co-operate so as to Buy Together and for Cash?", The Grain Growers Guide, June 15, 1910, p. 3ff.

3. The passage of these provincial acts was probably the reason why so little agitation for a federal co-operative bill emerged from the West after 1913.

4. The Grain Growers Guide, March 18, 1914, p. 8.

and only Saskatchewan, which in 1913 established a Co-operative Organisation Branch as a part of the Department of Agriculture, immediately undertook any serious supervision as a result of the legislation. Nevertheless, the acts did represent the acceptance of some responsibility by the provincial governments, and, after the bills were passed, civil servants could advise neophyte organizations. Thus, until about 1914, the Union had a definite role to play in helping prospective co-operators experiment with legal organization under existing joint-stock legislation.

The first Prairie co-operative to become affiliated with the Union was the Saskatchewan Purchasing Company located in Broadview, Saskatchewan, about ninety miles east of Regina.<sup>1</sup> The society began among railroad workers but depended upon nearby farmers for most of its capital and trade. By a rather complicated process it remained a co-operative though incorporated under the Saskatchewan Companies Act. It joined the C.U.C. in early 1911,<sup>2</sup> and expanded rapidly under James M. Hill, a former secretary to a British M.P. and a correspondent of The Manchester Guardian. In fact, it expanded too rapidly despite advice from Keen to

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1. For a more complete discussion of the Broadview society, see J.H. Archer, "The Saskatchewan Purchasing Company", Saskatchewan History, 1952, pp. 55-65.

2. Keen to "The C.W.S.", March 15, 1911, C.U.C., vol. 7, 1911 AL: file "C".

move slowly and to maintain adequate reserves.<sup>1</sup> The company opened branches in several new towns including Red Jacket, Whitewood, St. Hubert, Percival, Grenfell, Qu'Appelle, Moose Jaw, Dubuc, Vibank, Kipling, Wapella, Wawota, and Walwyn. To serve these new centres it subscribed for five hundred copies of each issue of The Canadian Co-operator, thereby becoming one of the largest single bulk subscribers in the Union.<sup>2</sup>

Such distributive societies as the Broadview organization were the most common type of western society advised by the Union in the early years. Keen and Carter made no effort to pose as experts on agrarian marketing. In 1910, even when basking in the dreams of future expansion, they described themselves as leaders only in distributive co-operation, credit unions, housing co-operatives, and labour co-partnerships, significantly omitting references to co-operative marketing.<sup>3</sup> Partly, this omission was based on an accurate summation of their own knowledge, and partly, it was based on a deep suspicion of the agrarian movement.

Although carrying on an extensive correspondence with some of the Prairie leaders of the grain companies, Keen was

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1. Keen to "The Saskatchewan Purchasing Company", July 17, 1911, C.U.C., vol. 8, 1911 MZ: file "S".

2. C.C., November, 1912, p. 6.

3. Keen to J.K. Doherty, December 10, 1910, C.U.C., vol. 6, 1910 AZ: file "D".

never completely certain as to the co-operative orthodoxy of the western movement. In 1911, he objected strenuously to articles in a British co-operative journal suggesting that the Grain Growers were the spearhead of the Canadian movement. He pointed to the Grain Growers' generally materialistic motivation and general disinterest in some basic Rochdale principles. He insisted that the Union be recognized as the only true voice of co-operation in Canada especially because,

Both in the United States and Canada there is a greater need than in Britain of a defining authority as to what is truly co-operative. The word is used improperly in nine cases out of ten and we have not only to bear the odium of our own mistakes but they attack the fraudulent and capitalistic institutions exploiting the co-operative name.<sup>1</sup>

Keen believed that the grain growers were essentially interested in their own benefit. The Guide, which he thought accurately represented the ideas of the western farmers, placed little emphasis on consumer co-operation, seeing it only as "an economic advantage to the farmers and a weapon with which to fight the merchants in case of any attempt to exact abnormal prices."<sup>2</sup> In the final analysis, the organized farmers were not different from the Manufacturers Association in that they were primarily interested in receiving the

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1. Keen to W. Maxwell, May 24, 1911, C.U.C., vol. 8, 1911 MZ: file "M".

2. Keen to A. Desjardins, May 24, 1911, C.U.C., vol. 7, 1911, AL: file "D".

highest prices for their products at the lowest cost to them. They were not co-operative idealists, and they would not likely become converted within the immediate future.

Orthodox or not, the western movement, along with the interest in British Columbia, Ontario, and the Maritimes seemed to offer considerable promise in 1911. In view of this promise, the Union's lack of human and financial resources became frustrating obstacles for the national executive. To overcome the problems and to realize the promise of the increasing interest in the movement, Carter and Keen decided to call a national congress--the first since 1909--to be held in Ottawa on Labour Day, 1911. There the gains of the past two and one-half years would be consolidated and plans laid to place the Union on a business-like footing. The years between 1909 and 1911 may not have seen the beginnings of a national crusade for co-operation, but they had produced a grassroots movement apparently capable of steady growth. They had also allowed the Union to develop the methods whereby it hoped to reform the nation.

## CHAPTER FOUR

### FROM HOPE TO DISCOURAGEMENT:

FROM THE CONGRESS OF 1911 TO LATE 1914

For years past the capitalist politicians have played the working man against the farmer, and vice versa, to the disadvantage of both. The farmer is obsessed with and encouraged in the idea that he carries everybody on his back; working men included. The latter erroneously feel the former is getting rich and independent at their expense.... Both should understand the one is necessary to the welfare of the other; both should realize they are fellow sufferers from social injustice; that there is a strong community of interest between them, and that to the extent they seek to understand each other, and work together for their mutual advantage, will their economic and social condition be improved.

George Keen,  
C.C., June, 1916.

There is a destiny which makes us brothers;  
None takes his way alone;  
All that we send into the lives of others;  
Comes back into our own.

Quoted in C.C., August, 1911, p. 13.

...we have the maximum of people occupying the minimum of housing property and the maximum of property erected on the minimum of land, thereby generating and fostering, as can and has been demonstrated in the large cities of this continent, misery, squalor, poverty and moral and physical decadence.

George Keen,  
C.C., January, 1913, p. 6.

When the C.U.C.'s Second Congress met in Ottawa on September 4, 1911, the executive was placing more and more emphasis upon aiding the development of local societies. Although the federal election was over twenty days away, it was not regarded as being significant because the Union executive did not expect either major party to provide leadership for co-operative development. Keen and Carter believed that the hope of the movement rested with the small societies that had appeared and were generally prospering. The Ottawa humanitarians had been unable to provide leadership for a national movement: the strength of the opposition, the weakness of the movement, and lack of resolve by some Ottawa supporters had meant that no centralizing force for co-operation had emerged out of the parliamentary debates. The inconsistency of the humanitarians was further demonstrated at the Congress: Desjardins could not attend, King was too busy, and Lord Grey would not appear for fear of incurring the criticism of the merchants.<sup>1</sup> The Ottawa humanitarians--once thought to be a strong ally--were of no

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1. D. Malcolm (Grey's Secretary) to Keen, August 30, 1911, C.U.C., vol. 7, 1911 AL: file "G".



value to the Union by September, 1911.

The delegates who attended the Congress came from societies in Ontario, Quebec, and Nova Scotia. The three affiliated societies on the Prairies and in British Columbia could not afford to send delegates; even the prosperous Cape Breton co-operatives could afford to send only one, W. McLeod of Glace Bay. The nearby society of Valleyfield could not send a representative, and the only delegate from Quebec was H. Broadbent of L'Avenir Magog Société Co-operative, generally an English-speaking society despite its name. Otherwise, the delegates, numbering seventeen, were from the Union affiliates in Guelph, Ottawa, Galt, Brantford, and Preston.

Made aware of the poverty of their movement by this lack of numbers, the delegates spent considerable time discussing problems of expansion. Samuel Carter provided a sense of mission for the discussion by emphasizing how magnificent the co-operative revolution would be when it peacefully introduced ethics into the business world. Keen continued the theme, suggesting that the best hope for the gradual development of co-operation lay through education. Impressed by the educational program of the Socialist party in Ontario, he argued for the duplication of this technique--essentially the creation of locals serving as study clubs. Furthermore, he wanted the establishment of a national co-operation Guild to be made up of the lodges or study

groups developed in each society. With the aid of the Guild, libraries would be developed, monthly programmes arranged, and frequent public concerts provided so that new members would be attracted to each society.

Keen offered an alternative suggestion--the creation of an independent national society devoted exclusively to education--but his sympathies were with the Guild system. The clubs formed under the guild were preferred by Keen because they could strengthen societies by providing the much-needed ethical base. Indeed, clubs could make the local co-operative a force for community action by making co-operators aware of the possibilities of the movement and the value of self-help projects. He started to press this vision at the 1911 Congress but could elicit little response from the now pragmatic delegates.

On a more practical level, the Congress turned to a consideration of how the Union could be reorganized in order to finance more rapid expansion. Keen complained that the present method of organization required too much of his own time and necessitated his enlisting the services of his own family. He did not want to alter the Union's method of carefully assisting slowly-emerging societies, however, and recommended that the Union hire a permanent official to stimulate co-operative development across the country. The new employee would either operate the Union entirely on his own, or he would undertake organizational activities while

Keen continued to edit The Canadian Co-operator. To finance either of these alternatives, Keen suggested that each society contribute twenty-five cents annually for each member.

Keen's address was greeted with considerable interest, but the results were not encouraging: no comprehensive plans<sup>1</sup> along the lines he suggested emerged out of the Congress. Instead, the delegates, rather piously, urged that all societies contribute as much as possible so that at least eight hundred dollars could be raised for the following year. They also agreed to the formation of a committee to investigate the various possibilities of raising the needed funds. No regulation binding all societies was passed, and the Union was left to grub for its existence, much as it had had to do since 1909. At first glance, the delegates might be accused of insincerity for this lack of rapid action, but, in reality, there was little alternative. Any of the schemes suggested by Keen would have cost between fifteen hundred and three thousand dollars, and the consumer movement was too parochial and too immature to finance such an expense without a long period of investigation. As long as the Union tried to repeat the British pattern of building on the consumer movement, such would always be the case.

The association with Great Britain was another dominant feature of the 1911 Congress. McLeod from Glace Bay reported

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1. A committee was appointed to look into the possibility of hiring, but it apparently never reported.

favourably on his society's connection with the English Co-operative Wholesale Society and pressed other societies<sup>1</sup> to buy as much as possible from the English organization. Wieland, the C.W.S. representative in Montreal, thought that an excellent idea and suggested tea and pickles as ideal basic commodities with which to begin. After some discussion, the delegates agreed with him, and a resolution was passed requesting all affiliates to purchase as much as possible from British co-operators and to join the C.W.S. whenever convenient.

The desire to associate with other national movements was also indicated by a resolution supporting affiliation with the International Co-operative Alliance.<sup>2</sup> The Alliance, organized in 1895, was the international lobbying and educational organization for recognized national or regional co-operative institutions. Keen had received a request for affiliation from an I.C.A. official early in 1910,<sup>3</sup> but had been unable to fulfill the request until the Congress met. Keen was enthusiastic about joining the I.C.A., believing that all national co-operative organizations should aid the international agency in demonstrating how co-operation could solve the world's problems. In May, 1912, shortly after the

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1. Hereafter abbreviated, when desirable, to C.W.S.

2. C.M. Wadge, to Keen, March 11, 1910, C.U.C., vol. 6, 1910 AZ: file "I".

3. Hereafter abbreviated, when desirable, to I.C.A.

Union's application had been filed and accepted,<sup>1</sup> he wrote:

No other international movement federates people of so many different nationalities and as it is representative of the democratically owned, controlled and conducted producer and commercial enterprises of the world,...the Alliance is the greatest instrument for the promotion of international harmony, respect and peace and the brotherhood of man.<sup>2</sup>

The remainder of the Congress was devoted to a variety of topics, including the possible development of a co-operative canning factory, the Post Office question,<sup>3</sup> co-operative legislation, and the election of officers.<sup>4</sup> Interest in the canning factory grew out of the labours of Alexander McNeill, an employee of the federal Department of Agriculture who had undertaken considerable work with the co-operative movement. He had joined the Department in 1901, following several years' science teaching in Windsor Collegiate and numerous speaking tours on behalf of the Farmer's Institute.<sup>5</sup> He had

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1. The official date of acceptance was February 12, 1912. M Nicolls to Keen, March 29, 1912, C.U.C., vol. 9, 1912 AL: file "I".

2. C.C., May, 1912, p. 8.

3. See p

4. The Congress also empowered the executive to incorporate the Union under the Ontario Companies Act. Each member society was to purchase at least one five-dollar share in the new company. It also sent resolutions to Alphonse Desjardins, F.D. Monk, and Lloyd Harris recognizing their contributions to the co-operative movement.

5. This biographical sketch is based on a "Note for Miss C. Gardner, Junior Asst. in Market Infor., U.S. Dept. of Ag., Bureau of Ag. Ec., Washington, D.C. by G.E. McIntosh", C.U.C., vol. 27, 1922 AG: file "A".

become an authority on European agricultural co-operation and, by 1904, had risen to become Chief of the Federal Fruit Division. As a part of his job, he tried to promote co-operative methods of selling farm produce, and he wrote a pamphlet, entitled Co-operation and Fruit Growing, which became a popular handbook for producer co-ops, especially in Eastern Canada. His work in this area led him to believe that too much profit was going to the canners and not enough to the farmers.

McNeill's lobbying at the Congress led to the appointment of a committee, consisting of himself, Keen, and Carter, to investigate the possibility of establishing a cannery. During the following winter, McNeill canvassed the fruit farmers of Ontario's most important fruit growing areas, but was very disappointed with the poor response he received. He found the farmers unenthusiastic despite his most eloquent pleas, and he found it impossible to locate a suitable manager.<sup>1</sup> The real problem McNeill encountered was that the farmers were wary of co-operative ventures; in the past, similar businesses had been started, but they had proved to be disastrous because of poor management and strong competition.<sup>2</sup> As a result, most farmers concluded that, while

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1. McNeill to Keen, June 11, 1912, C.U.C., vol. 9, 1912 AL: file "C".

2. R. Hodgetts (Fruit Branch, Department of Agriculture, Ontario) to Keen, October 24, 1912, ibid., file "H".

uniting to sell on the market could strengthen one's position, uniting to form other businesses was a very risky project, to be avoided like a scab-infested orchard.<sup>1</sup> With the emergence of this poor response to the idea of a cannery, the Union's first effort to organize agrarians came to an end.

## ii

After the delegates had returned home from the Congress, the Union began an earnest search for a better means of organization: the first three years of its history had been devoted to finding proper methods for the development of societies; the succeeding three years would be devoted to finding proper methods for organizing itself. The United Board, meeting shortly after the Congress, advanced the first plan, whereby the Union would be incorporated, each society would pay a per capita grant, and an organizer would be appointed to aid Keen.<sup>2</sup> The per capita grant was thought to be particularly important because it would not only provide a steady source of income, but also permit the Union to overcome the still frustrating restrictions of the postal department. The grant was to be twenty-five cents per year, enough to meet the bulk publication costs

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1. C.C., November, 1912, p. 11.

2. Keen to A. Litt, September 12, 1911, C.U.C., vol. 7, 1911 AL: file "L".

and to provide the Union with working capital. Under the scheme each member would authorize the co-operative to which he belonged to deduct the sum from his annual dividends. Should a society not declare a dividend, the money would come from the interest ordinarily going to each member for invested capital. Either way, the Union would meet post office regulations by furnishing "subscription lists" and would coincidentally resolve its own financial problems.

Unfortunately, the plan did not resolve the Union's problems as easily or as quickly as it was hoped. Two societies, Valleyfield and Sydney Mines, did not agree to the proposed plan because they found it too expensive and too preoccupied with Ontario. Other societies, because of the tardiness of their secretaries, did not submit their lists promptly. Thus, it was not until April, 1912, that a deputation of Ottawa civil servant co-operators could take lists from a majority of affiliated societies to the deputy postmaster general. When they presented the lists, they were informed that the department insisted that subscriptions be a minimum of fifty cents per annum.<sup>1</sup> The matter was then handed to the postmaster general who, much to Keen's relief, agreed to overlook the established minimum for subscriptions, and to allow The Canadian Co-operator to be distributed at a reduced rate.<sup>2</sup> After months of turmoil, a

1. A. McNeill to Keen, May 3, 1912, C.U.C., vol. 10, 1912 MW: file "M".

2. A. McNeill to Keen, May 7, 1912, ibid.



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1. A. McNeill to Keen, May 3, 1912, C.U.C., vol. 10, 1912 MW: file "M".

2. A. McNeill to Keen, May 7, 1912, ibid.

small victory had begrudgingly been won.

Resolving the postal department problem did not end the difficulties which had led to the calling of the Congress. When Valleyfield and Sydney Mines--two of the largest societies--rejected the per capita method of collecting funds, they undermined the plan devised to meet the Union's general financial needs. Unless all societies were willing to share the expenses fairly, few would participate beyond paying for their copies of The Co-operator. Keen was particularly disappointed because he had believed that the Canadian movement was beginning to see the value of a well-supported national institution. He had based this belief on the enthusiasm shown at the 1911 Congress, on the steadily-improving financial situation, and on a growing desire in both Nova Scotia and Ontario to form provincial sections and wholesales. Surely such expansion meant that the Canadian movement would find the few thousand dollars needed to finance the Union adequately.

The idea of creating sections to supervise the various aspects of the movement in each of the provinces was favoured by Keen and Carter from the Union's inception. The idea was borrowed from the British Union where sectional boards were used to unite societies in a region for economic and educational reasons. In Great Britain--and, so the executive hoped, in Canada--the sections did not undermine the authority of the Union; in fact, by meeting local needs

promptly and realistically, they made the movement and, ultimately, the national organization much stronger. Keen particularly promoted the development of sections, believing that the size of Canada and its strong regional sentiments made some dispersion of authority necessary.

Toward the end of 1910, Keen started a campaign to have the Nova Scotia societies form a Maritime section and a wholesale house so that the exchange of ideas and goods might be facilitated. Keen maintained his pressure throughout 1911, and, in December of that year, a sectional board was organized in Glace Bay.<sup>1</sup> The board, bringing together societies in Sydney Mines, Dominion, Inverness, and Glace Bay, collected information on business procedure, arranged for contributions to the Union, and began preparations for a wholesale. Because the Maritime societies experienced considerable prosperity in 1911 and 1912,<sup>2</sup> the sectional board was initially a successful experiment, and a co-operative wholesale was established, based on the model of the British wholesale societies. Dominated by the growing Sydney Mines society, this early experiment in co-operative wholesaling succeeded in providing some savings for members, and it aided in improving relations with local farmers by providing a secure market with good prices.

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1. C.C., February, 1912, p. 7.

2. In 1911, for example, they did an aggregate business of \$442,833.20 of which \$41,433.33 was returned to members. C.C., August, 1912, p. 8.

Keen was wrong, however, in thinking that a desire for a regional or provincial organization naturally meant an interest in placing the national organization on a secure footing. If it accomplished anything, the creation of the Nova Scotian section reinforced regionalism and helped cause the Maritime rejection of 1911 plans to hire a full-time propagandist for the Union in Brantford. Having formed their own organization, the Maritime societies wondered why Ontario could not do the same, and they refused to provide sufficient funds for the expansion of the Ontario movement. Keen agreed that a new employee would be primarily concerned with Ontario, but he unsuccessfully tried to argue that the movement showed such promise in Ontario's small industrial towns that organizing fees would soon pay his salary. The Maritime co-operators, less optimistic than Keen, rejected his plan, and refused to send more money than they had been to "Upper Canada".

The decision of the Maritime societies did not destroy Keen's hope of finding a fully-trained co-operator to carry out the Union's work. He convinced the United Board, the Union's executive body, that Maritime aid was not essential and that the Ontario societies, old and new, might be able to pay for his services. It was at that point that the already-mentioned Archibald Litt was hired. Unfortunately, within a month, it was clear that Keen was too optimistic and that Ontario co-operators could not afford his services.

When he left for Eckville, Alberta, he ended the Union's first, premature attempt to place its business on a "scientific and businesslike basis".

In October, 1912, shortly after Litt had departed, Samuel Carter came forward with his plan to save the Union. He had recently sold some business investments and offered to invest \$5,000 in a co-operative wholesale for Ontario. He wanted the member societies to invest an equal amount, and he insisted that George Keen become a full-time manager-propagandist for the new organization. He hoped in this way to provide the Union with an effective organization to oversee the progress of member societies. A wholesale with full-time employees could collect monthly statistics from each society, make comparisons, and investigate whenever weaker societies were in difficulty. In times of economic recessions, moreover, the wholesale, calling upon the resources of the entire Ontario movement, could help finance societies in difficulty.

Carter's plan was immediately rejected by George Keen, who saw in the project some violation of the Rochdale approach. In the first place, the project relied heavily on Carter and his money rather than on the freely-given support of member societies; such reliance on a single man would likely produce disaster, just as it had in the case of the Hamilton

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1. Keen to W. Maxwell, October 12, 1912, C.U.C., vol. 10, 1912 MW: file "M".

Co-operative Concern.<sup>1</sup> In the second place, Keen opposed an apparently minor aspect of Carter's proposal whereby member societies would all receive the same discount regardless of patronage. Carter argued that this would be of considerable help to new societies which usually had difficulty providing dividends in the early months. Keen could not agree, arguing that the idea would subsidize inefficiency and would not sufficiently reward involvement. In the third place, Keen strongly resisted Carter's plan because he, probably with reason, doubted his own ability to operate a wholesale. He had no experience in the wholesale business and was not then in a position to be able to offer good advice on the day-to-day operation of local stores. He described his feelings in a letter to W. Maxwell, the English leader:

Mr. Carter rightly or wrongly felt that my business experience would protect his capital from impairment as well as promote development. As, however, I know myself better than he does, I did not see it in the same way, and reluctantly declined his suggestion. I have lost \$95.00 in gaining the necessary experience in the little retail experiment here and do not propose to allow other people to pay for my experience in Canadian wholesale matters.<sup>2</sup>

The next plan the Union experimented with was a special project of George Keen. Late in 1912, while Carter's plan was being considered, Keen suggested to the C.W.S. in England

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1. Keen to W. Maxwell, October 12, 1912, C.U.C., vol. 10, 1912 MW: file "M".

2. Keen to W. Maxwell, October 12, 1912, C.U.C., vol. 10, 1912 MW: file "M".

that they help to sponsor a co-operative enthusiast trained in the British movement. Keen suggested that the cost of providing for such a man would be shared equally between the British organization and the Canadian societies.<sup>1</sup> The new man would work in the C.U.C. office helping Canadian societies when possible and devoting considerable time to developing a strong trade connection between the two national movements.<sup>2</sup>

Ironically enough, Keen's scheme was rejected by the English society because it seemed to betray yet another rule developed within the co-operative movement.<sup>3</sup> According to a common co-operative belief, national movements should be self-sustaining. Any attempt at international assistance was wrong in principle because it drained the resources of stronger national movements and could easily lead to too much dependence upon outside support. On another level, these were the same arguments Keen had used against Carter's plan for a universal dividend. The English C.W.S. further insisted that direct aid to the Canadian movement was impossible as it would lead to numerous requests from co-operators in other countries. Obviously, choosing between such requests would be invidious, and ultimately would cost more

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1. C.C., November, 1912, p. 5.

2. Keen to W. Maxwell, October 12, 1912, C.U.C., vol. 10, 1912 MZ: file "M".

3. Ibid.

than the English movement could afford.

Keen, not one to accept without protest any suggestion that he was violating a fundamental Rochdale principle, replied heatedly that his suggestion was made as much for the benefit of the English society as for that of the Canadian organizations. In the past it had been difficult to convince Canadian managers of the value of buying goods produced by British co-operators; perhaps this shortcoming could be overcome by someone especially appointed to promote the English wares. Keen also insisted that the Canadian movement was not begging; in fact, by providing one-half of the salary for the new man, it would be providing for its own growth. To insist that new national movements do more was asking for the impossible and was leading new movements to rely more than was necessary upon generally hostile wholesalers in the private trade. But these arguments were rejected by the English leadership; for once, Keen was overruled by co-operators more devoted to old principles than he was.

Keen's next project was to encourage the development of sections and wholesales on the Nova Scotia pattern in both British Columbia and Southern Ontario. Throughout 1912 he promoted the new institutions in correspondence with Walter Dodd of the New Westminster society and in communications with the unaffiliated co-operatives in Coleman, Hillcrest, Fernie, Lethbridge, and Natal. His prompting was primarily



responsible for a meeting held in New Westminster on November 14 and 15, 1912, to consider the possibility of forming a wholesale and a section. The meeting, involving societies from British Columbia and south-western Alberta, looked upon the projects favourably and laid plans for their development in the near future. One indication of the sincerity of the co-operators meeting in New Westminster was that three of the participating societies--Merritt, Nanaimo, and Ladysmith--joined the Union in early 1913.

The plans developed at the meeting, however, were never implemented. Early in 1913, a depression, soon to become nation-wide, settled over the mining districts of the Rockies, and optimism gave way to entrenchment. A series of strikes further weakened the financial position of the societies in mining towns, and the continuous demand for dividends made the amassing of capital difficult. The co-operatives in and near the Rockies did not have the funds or the faith to make extensive joint projects possible.

But the area which Keen concentrated upon was Southern Ontario. He could offer encouragement to the movement elsewhere, but it was on the region south of North Bay and between Montreal and Windsor that he could have the most impact. During 1913 he lobbied extensively for the creation of a wholesale but to no avail because of failures of societies in St. Thomas and Paris. These failures meant that the leaders of strong societies refused to jeopardize their

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organizations by associating with weaker co-operatives.  
As other societies in Port Arthur and Welland closed their doors in 1914 and early 1915, this attitude became more intransigent, and the first attempt to form a wholesale in Ontario came to an end.

## iii

As the Union began to encounter difficulty organizing the urban movement between 1912 and early 1914, it began to take a greater interest in co-operative activities among farmers. The increased interest in the agrarian movement in those years was the beginning of a long, slow change in emphasis by the Union--a change not complete until the late twenties--was made difficult by the independent attitude of most Canadian farm organizations and by Keen's bias for co-operatives among labouring men.

Keen's original greater sympathy for the labourer than for the farmer was based partly on his observations of their comparative need in a Canadian context. As he looked about him, he saw many communities, "where the majority of the citizens are retired farmers, a considerable portion of them being in robust middle age...", but he had "never heard of a community where one might find a considerable number of

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1. Carter to Keen, March 13, 1913, C.U.C., vol. 11, 1913 AL: file "B".

working men, even in old age."<sup>1</sup> Instead, the typical labourer, deprived of any real insurance, worked until the end of his days in industries willing to exploit him "as long as he has sufficient physical energy left to totter around on his feet."<sup>2</sup>

In trying to help the urban worker, Keen made appeals to numerous Union locals and to the executives of the national federations. Almost inevitably he received in reply the polite but unenthusiastic response which is the despair of all missionaries. Occasionally, a union local would attempt the formation of a consumer co-operative only to have it disintegrate within a short period because of personality clashes or faulty business technique. The repeated failure of trade union co-operatives was carefully pointed out by the capitalist-oriented press, usually with the suggested moral that co-operation was a useless technique for the working-man. The same press frequently added that the co-operative approach worked only when workers were harshly treated as in mid-nineteenth century Britain. In Canada, so the argument went, labourers were too prosperous to require the extreme form of organization that co-operation represented.

Quite correctly, Keen saw the superficiality of the

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1. C.C., December, 1912, p. 4.

2. Ibid.

latter observation, though it is doubtful that even he recognized the complexity of the problems at issue.<sup>1</sup> Keen realized that co-operatives prospered best in periods of plenty, especially if those periods followed immediately on times of extreme depression. More astutely, he realized the basic co-operative dilemma posed by the movement's tendency to appeal to only the wealthier sections of the labouring community. In Great Britain, for example, co-operation was not successful in converting the lowest classes which tended to adopt radical techniques whenever successfully aroused. In North America, therefore, either the prosperous working-man was basically different from his British (and European) counterpart, or he was in much smaller numbers than was commonly believed. Keen tended to the former explanation, arguing that the North American labourer was much more subservient to the authority of union executives and public leadership. Very few workers were willing to assume control of their own organizations and to wage consistent battle with opposing forces in society. Rather, they narrowed their important struggles to the question of higher wages and shorter hours, and they dissipated their excess energies in a frivolous search for non-essentials whenever they met in convention. One T.L.C. meeting in Guelph, for example, failed to discuss co-operation as a complementary movement to unionism because of a lengthy discussion of the merits

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1. C.C., April, 1912, pp. 4-7.

of patronizing only union-operated beverage rooms.<sup>1</sup>

Alphonse Desjardins, who had spent a decade trying to stimulate unionist support for co-operation, agreed that the problem ultimately emanated from indecisiveness among trade unionists. In his view, the Canadian unions could not be relied upon:

they do not appear to stick persistently to one idea until they have succeeded. They spread their energies upon a great many questions and succeed in almost none, being made a playing card by the astute politicians.<sup>2</sup>

At no time did the national labour leaders extend more than lip-service aid to the organized movement; at no time did they sponsor a serious study of co-operative principles among their followers. Instead, they left the encouragement of co-operation to local councils, a tactic which encouraged the poor examination of co-operative principles and the disastrous experimentation with co-operative institutions.

With the failure of Canadian unionists to take up the co-operative cause, Keen naturally began to assess the potential of Canadian farmers for co-operative development. He had always believed that ultimately labourers and farmers would have to be brought together if the movement was to prosper, and the widening of scope was just a little earlier in time than he had formerly anticipated. He believed that

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1. See exchange between Keen and Alphonse Desjardins, December, 1912, C.U.C., vol. 9, 1912 AL: file "D".

2. A Desjardins to Keen, December 11, 1912, ibid. B

the two groups ultimately would coalesce because of his advocacy of the consumer theory of co-operation: in the final analysis, both farmers and labourers had an interest in regulating the production of goods, and both would have to unite to impose their wishes upon the managers of manufacturing, wholesaling, and retailing businesses.

Until about 1914, the Union believed that the stumbling block to closer farmer-worker co-operation was class-consciousness. Keen and Carter opposed the emergence of class-consciousness among farmers because they believed it divided the forces for reform in Canada. They believed that farmers had essentially the same interests as labourers, especially because both were consumers and both would profit from gaining control over manufacturing, wholesaling, and retailing. They also rejected the agrarian myths then prominent in the farmers' movement. Neither Carter nor Keen saw any particular virtue in the rural way of life; for them virtue was derived from religion and "associative intelligence", two characteristics that were not necessarily related to farms. But, above all, Carter and Keen opposed class-conscious farmers because they were a self-satisfied group unwilling to co-operate with others in the development of the Commonwealth.

Keen believed that class consciousness could be found among trades unionists, but this phenomenon was partly offset by the voluntary nature of unionism. Unionists came together

not only because they saw economic power in their organization, but also because they were aware of their fraternal obligations, one to the other. Keen was impressed with the ethical side of unionism; the side that made each member call others brothers; the side that built temples to labour; the side that recognized the moral crisis in modern life. He saw little of this ethical concern in the farmers' movement between 1909 and 1913. Rather, he saw groups of selfish individuals entering into combination to compete with other economic groups.

Gradually, Keen began to see the emergence of the "associative spirit", as he termed it, in the farmers' movement. He saw the first signs of a wider viewpoint in editorials in The Grain Growers Guide and in letters he received from that journal's editor, G.F. Chipman. Both The Guide and Chipman complimented the Union's work frequently and paid tribute to Keen's ethical preoccupations. Keen also found encouraging signs among Ontario agrarians in 1912 and 1913 when he began to address various farmers' associations. Amid the failures of the various efforts to develop the urban movement, these positive signs were very encouraging indeed.

Before the Union could attach itself to the agrarian

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1. Keen to A. McNeill, January 12, 1912, C.U.C., vol. 11, 1913 AL: file "C".

movements, the executive had to learn something about rural co-operation. To gain background knowledge, Keen wrote The Agricultural Organisation Society in England, an institution devoted to the development of British agrarian societies.<sup>1</sup> For a considerable length of time he relied upon the rather sparse information supplied by this society, and he did not become knowledgeable about indigenous Canadian agrarian co-operation until the twenties and thirties.

As he became interested in agrarian producer societies, Keen emphasized that they lacked the philosophic or mystical base he believed essential for the development of a sound co-operative movement. He shared the concern of many farm leaders for the general lack of a broad public concern among farmers, and he blamed the situation on the provincial agricultural colleges where education was "confined to the means whereby the productivity of the farmers [could] be increased."<sup>2</sup> He believed that co-operation could play a role in overcoming this lamentable lack in Canadian agriculture, and, in the process, could greatly aid itself. Recognizing his own deficiencies and anxious to take advantage of existing institutions, Keen pressed upon J.J. Morrison, in 1912 the secretary of the Dominion Grange, the non-economic value of co-operation. He argued that the farmers' movement and

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1. Keen to R.B. Coglan, January 2, 1910, C.U.C., vol. 7, 1911 AL: file "C".

2. Keen to W.C. Good, July 15, 1911, ibid., file "G".



co-operation ideally supplemented each other, the one providing economic power, the other the highest of social goals. He envisioned the establishment, alongside each local Grange, of a co-operative store complete with a reading room, a library, and meeting room.<sup>1</sup> There the farmer could develop the wide-spread interests he so lamentably lacked; there he could escape the bonds of parochialism; there he could start, through reading and discussion, to bridge the gap between himself and the urban worker, the gap stimulated "by the selfish needs of the capitalist middlemen both manufacturing and distributive".<sup>2</sup>

Keen made his first appeal to a national farm body when he spoke before the Dominion Grange in January, 1912.<sup>3</sup> He was surprisingly impressed with the organization, believing it to be "a very progressive body and its members...representative of the culture and genius of Ontario agriculturalists".<sup>4</sup> He strongly urged the Grange to establish buying clubs that could easily become co-operative stores within a few months or years. He also suggested that consumer societies could serve as ideal centres from which farmers could

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1. Keen to J.J. Morrison, January 26, 1912, C.U.C., vol. 10, 1912 MW: file "M".

2. Ibid.

3. Keen probably was invited to speak because W.C. Good was "Overseer" during that year. See letterhead J.J. Morrison to Keen, December 2, 1912, C.U.C., vol. 9, 1912 AL: file "D".

4. C.C., February, 1912, p. 3.

develop numerous types of co-operative enterprises. More importantly, the store would make farmers realize that co-operation was not merely an economic system but a total philosophy capable of reforming all society. Keen made these points so succinctly and forcefully that the Grange published his speech so that its members would be able to study it more closely.

Keen repeated essentially the same speech to numerous agricultural organizations after 1912, but he never succeeded in having much influence among agrarian co-operators. The main reason for his failure was that he consistently over-emphasized the impact idealism could have on the farmers movement. He believed that most farmers could be convinced of the value of a complete co-operative approach revolving around the village store and thus never investigated sufficiently producer co-operation, the aspect that most intrigued farmers. Indeed, he was so stubborn in this regard that, in 1913, at the same time he was asking for the close co-operation of the agrarian movement, he was publicly chastising the government for not taking some of its annual grant to agrarian producer societies and applying it to other forms of co-operation.

As a result of this approach, Keen's most successful work, prior to the 1920's, was not with the large farmer organizations but with small groups which happened to be dominated by men interested in co-operative ethics; one such

group was the Brant County Fruit Growers Association. In May, 1913, he addressed one of its banquets and urged the importance of the complete co-operative approach. He was very well received, an officer of one society stating, "that he did not see much hope for agricultural co-operation until the farmers got to appreciate that the movement was a fraternal one and unselfish."<sup>1</sup> The next year, he again addressed the Fruit Growers, essentially repeating his first speech by appealing for the ethical awakening of the farming community.

Keen's speeches before the Fruit Growers brought him into close contact with W.C. Good, a co-operative enthusiast who operated a large farm near Brantford. The two men had worked together before--on behalf of the Liberal party in 1911--and they had met socially on several occasions; but it was the campaign to stimulate co-operative activities among Ontario farmers that established a close bond between them. The principle project the two worked for in their agrarian activities was the consolidation of the Ontario farmers' movement, then seriously divided into locals of the Dominion Grange, various clubs sponsored by government, and special purpose organizations for dairying and fruit marketing.<sup>2</sup>

Along with others, Good and Keen eventually decided

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1. Keen to A. McNeill, May 12, 1913, C.U.C., vol. 11, 1913 AL: file "C".

2. W.C. Good, Farmer Citizen (Toronto, 1958), p. 93.

that consolidation could best be encouraged by organizing two new institutions. They advocated the creation of the United Farmers Co-operative to serve as a retailing and wholesaling agency capable of economically uniting Ontario farmers. On the educational side, they promoted the creation of the United Farmers of Ontario, a non-profit organization, having "for its sole aim the raising of rural people to a higher plane of citizenship."<sup>1</sup> Good and Keen especially appreciated the idea behind the U.F.O., because it was in keeping with the critical attitude toward the materialistic preoccupations of the farmers' movement. In fact, both, but especially Good, played a crucial role in the decision to have two organizations.<sup>2</sup>

The five farmers most responsible for organizing the two institutions in 1914 were Good, J.J. Morrison, Anson Groh, J.Z. Frazer, and E.C. Drury.<sup>3</sup> Very early in their

1. M.H. Staples, The Challenge of Agriculture, The Story of the U.F.O. (Toronto, 1921), p. 43.

2. Good, Farmer Citizen, p. 100. Probably the most important man in the formation of the two organizations was the enigmatic J.J. Morrison. But in the absence of definite proof one way or the other, it is possible to claim that the organization of the two institutions ultimately stemmed from Keen's co-operative work. The speech he gave to the Grange in 1912 strongly emphasized the need for well-organized educational activities within the movement, and definitely he strongly influenced Good's ideas on co-operation. (Farmer Citizen, p. 92).

3. Morrison, Frazer, Good, and Drury were responsible for planning the early stages of the U.F.O. and U.F. Co-op. These men formulated the original plan in a room of Toronto's Kirby House during the late autumn of 1913. All remained active. Groh joined them in their efforts late in 1913.

deliberations they called upon Keen who served as a temporary secretary for most of their 1914 and 1915 meetings and as an advisor on incorporation proceedings. The latter services were desperately needed in view of the rather cumbersome method of incorporation still employed by the Ontario government. That legislation, after the efforts of Keen, was reasonably acceptable for the development of distributive co-operatives and could be adjusted to suit the needs of producer co-operatives; but it did not permit the easy incorporation of a multi-purpose society attempting to draw together numerous institutions based on widely differing aims and methods of organization. Keen, in conjunction with the others, eventually worked out a set of by-laws which allowed the various societies to join on a joint-stock basis. The co-operative aspects of the by-laws were the provisions that each member would have one vote regardless of the amount of business done with the central society and that local meetings would be held to ascertain, on a democratic basis, the wishes of the rank and file. Keen further insisted upon limiting the interest on capital to seven percent per year in keeping with the co-operative principle of low interest. Keen was not happy with the figure, believing it to be somewhat high, but at least it indicated a willingness to impose a maximum on the rate.

Despite his role in drawing up the by-laws and securing incorporation for the U.F. Co-op., Keen did not recognize

the institution as a true co-operative. In part, this attitude was a reaction to the lack of co-operative sympathies on the part of some of the leadership, at the time, notably J.J. Morrison. These men were not particularly interested in stimulating local initiative, preferring instead, to centralize leadership in Toronto. The membership of the Co-op, moreover, was too heterogeneous to permit the rapid emergence of a true co-operative organization. There were only a few member institutions which could be called co-operative; most were farmers clubs, old Granges, and U.F.O. branches not necessarily organized or operating as co-operatives. More importantly, as the institution developed, there was provision for individuals paying fees and becoming members. This provision, along with the institutional diversity, meant that the U.F. Co-op was not required to listen to the rank and file organized in small co-operatives throughout the province.

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Nevertheless, the good response Keen received in his work with agricultural organizations augured well for the future. The Ontario farmers' movement had not provided an alternative source of power to the declining urban Ontario movement, but the promise appeared to be there. Similarly, the agrarian movement on the Prairies seemed to offer some possibilities between 1911 and 1914. In 1911, the

Saskatchewan government, advised by a royal commission not to follow the Manitoba lead in socializing grain elevators, aided the Saskatchewan Grain Growers in the formation of the Saskatchewan Co-operative Elevator Company.<sup>1</sup> In 1913, representatives of the Alberta government, the United Farmers of Alberta, and the Grain Growers Grain Company co-operated in the formation of the Alberta Farmers Co-operative Elevator Company. Both of these new organizations quickly opened supply departments, and both prospered in 1913 and 1914.

At first the Union was most encouraged about the prospects in Alberta. In that province the dominant institution was the United Farmers of Alberta, formed in 1909 by a combination of the Grain Growers and an offshoot of the American Society of Equity. Within the U.F.A. the key leader was the powerful American immigrant, Henry Wise Wood. Wood was devoted to some aspects of the co-operative movement, notably co-operative marketing, but he never showed much interest in the C.U.C.<sup>2</sup> The U.F.A. executive who took the most interest in the national co-operative organization was P.P. Woodbridge, sometime secretary-treasurer for the Association. Woodbridge, who had participated in co-operative activities before

1. J.F.C. Wright, *Prairie Progress, Consumer Co-operation in Saskatchewan* (Saskatoon, 1956), pp. 16-18.

2. Wood, despite never showing much if any interest, did take *The Canadian Co-operator* for at least a brief period. See P.P. Woodbridge to Keen, March 31, 1915, C.U.C., vol. 16, 1915 NY: file "W".

emigrating from England,<sup>1</sup> was anxious to help the Union, even pressing unsuccessfully for Keen to make a western trip in 1913.<sup>2</sup> During 1912 and 1913 he prompted many U.F.A. locals interested in retailing to ask the Union for guidance in the establishment of co-operative institutions.

In 1913 the Union's connections with Alberta co-operatives were further improved by the efforts of Archibald Litt, the manager of the Eckville society. He developed considerable interest in the movement in the area around Eckville, and he advised all interested groups to contact the Union. In 1913, he was particularly successful in arousing interest and seemed to be on the verge of creating new societies in six Albertan villages near Eckville.<sup>3</sup>

The number of affiliates in Alberta increased fairly rapidly between 1912 and 1914. The first member from the province was a society built up by miners and railwaymen in Coleman, a small town in the south-west of the province.<sup>4</sup> Affiliating in 1912, the Coleman society, which continuously retailed about \$100,000 each year, was a stable organization

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1. W.K. Rolph, Henry Wise Wood, p. 31.

2. C.C., May, June, 1913, p. 12.

3. One of his letters to Keen read, "Am receiving numerous inquiries from various points in the Province. I am at present in correspondence with Viking, Stettler, Prairie Grange, Lesbieville, Bickendike, and Crossfield, Alta." Litt to Keen, March 10, 1913, C.U.C., vol. 11, 1913 AL: file "E".

4. C.C., October, 1912, p. 8.



but, because of location, had little impact upon the C.U.C. It seldom reported its statistics until its withdrawal in 1917, ordered few copies of The Canadian Co-operator, tended to be late in paying its dues, and generally did not communicate much information to the C.U.C. Perhaps, though, this poor record might have been improved if the Union was located nearby where it could be more useful.

During 1913 and 1914 other western societies joined the C.U.C. Beside the Eckville co-operative, two Alberta societies in Hillcrest and Lethbridge affiliated, both of them essentially the result of trades union interest in co-operation. In the same years, societies in Merritt, Nanaimo, and Ladysmith, British Columbia joined the Union, testifying to the potential that apparently existed in the mining towns of the Rockies. The affiliation of these five societies, plus Litt's work in Eckville, indicated the possibilities of western expansion and made the Union consider the possibility of moving westward.

Late in the summer of 1914, Keen opened negotiations with G.F. Chipman of The Grain Grower's Guide about the feasibility of relocating the Union at Winnipeg. Keen wanted the Union to maintain its independence, but he thought it could collaborate with the grain company in stimulating co-operative sentiment on the Prairies. In November, 1914, he met with Chipman and T.A. Crerar, president of the G.G.G., in Toronto to discuss the matter thoroughly. Keen was

pleased with the discussion, but no final decision was made,<sup>1</sup> and the company officials returned to Winnipeg. Before arrangements were completed, the war broke out and economic problems emerged, developments which forced cancellation of further discussions. By the spring of 1915 whatever possibilities had existed in partnership with the G.G.G. had ceased to be a viable alternative.

In late 1914 Keen tried to unite forces with another western organization, the Right Relationship League, an American enterprise active in Minnesota, Ohio, Michigan, and the Dakotas. Keen had been corresponding with E.M. Tousley, the League's secretary, since 1908, and, during the Union's early years, he regarded the League as the only important American co-operative development. Others, notably the efforts of N.O. Nelson, an eccentric New Orleans businessman, and the American Co-operative Union headed by a well-meaning St. Louis priest, J.T. Tuohy, were interesting but impractical. The League, in contrast, was financially successful and its aims at least were good, as its objects<sup>2</sup> had been mostly written by George Keen.

Tousley and the Right Relationship League had sought to organize a co-operative movement in the mid-West by

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1. Keen to Chipman, November 17, 1914, C.U.C., vol. 13, 1914 AM: file "G".

2. Keen to Tousley, July 6, 1914, C.U.C., vol. 14, 1914 AY: file "T".

purchasing deteriorating privately-owned stores. They attempted to revive these stores by selling stock on a co-operative basis to nearby townspeople and farmers. They hoped that the emphasis on co-operative principles would stimulate an interest among the patron-shareholders in the local stores and in the co-operative movement generally. In return for this outlay of capital and promotional activity, the League exacted a commission on the shares as they were sold to the members.<sup>2</sup> This technique had the advantages of allowing rapid development and of eliminating competition immediately. Indeed, in the years before the war, the technique seemed to be succeeding remarkably well: by 1911, it had allowed the League to organize 150 societies in the mid-West representing 16,000 farmers.<sup>3</sup>

Keen was at first attracted to the system,<sup>4</sup> but by 1911 he was less certain that they "were on the right lines."<sup>5</sup> In 1913 he had an opportunity to investigate the Right Relationship League personally while he was in Minneapolis

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1. Keen to S.H. Perky, March 9, 1917, C.U.C., vol. 18, 1917 AI: file "B".

2. Keen to G.F. Chipman, July 26, 1913, C.U.C., vol. 11, 1913 AL: file "C".

3. Keen to Carter, August 14, 1911, C.U.C., vol. 7, 1911 AL: file "C".

4. See C.U.C., vol. 5, 1908-09 AZ: file "C" for exchange of letters between Keen and E.M. Tousley.

5. Keen to W. Maxwell, May 21, 1911, C.U.C., vol. 8, 1911 MZ: file "M".

addressing the annual conference of the Minnesota Academy of Political Science. At that time he confirmed his suspicion that the Right Relationship League had erred in centralizing its activities: many branches were in difficulty, and many were closing their doors. Yet, the League did apparently possess financial stability, and it was this feature that drew Keen's attention in late 1914.

Over the years Tousley had expressed considerable admiration for The Canadian Co-operator; indeed, in 1911, he had wanted that journal to become a joint publication of the two organizations, only to have the idea rejected by Samuel Carter.<sup>1</sup> In September and October, 1914, Keen and Tousley again investigated the possibility of uniting forces in publishing The Co-operator and of sponsoring a Prairie campaign on behalf of co-operation. Keen thought the latter idea in particular might be valuable because it would meet obviously existing needs and because, unlike Central Canada, Western Canada would not resent the arrival of American organizers.<sup>2</sup>

These tentative plans worked out by Tousley and Keen were vetoed by other executives in the two organizations on the grounds that both the Union and the League already had

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1. Keen to E.M. Tousley, October 10, 1914, C.U.C., vol. 14, 1914 NY: file "T".

2. Ibid.

too much to do. Despite this set-back, Keen, his curiosity aroused in his negotiations with Tousley, maintained his interest in the League and began to investigate its methods of organization: perhaps, with some adjustment to make it more orthodox, it could provide the technique so obviously needed by the C.U.C. In response to Keen's enquiries about details, Tousley wrote in January, 1915, stating that he could not reveal the basic methods used by the League because of the wishes of his colleagues. Keen's search for alternatives on the Prairies had ended: the Union could not find a partner; it could not even find a confidant.

## v

By the autumn of 1914 it was clear that the agrarians on the Prairies and in Ontario offered considerable potential for the future but little concrete promise for the present. Similarly, it was clear that the urban Ontario movement could not be the means whereby new strength could be found. In the spring and summer of 1914, Keen tried to stimulate an Ontario section in an effort to provide greater cohesiveness for the movement and better support for the Union. He initiated this project because of the emergence of three factors he thought would encourage the integration of the urban movement. Firstly, new societies in Brockville, Peterborough, Welland, Sarnia, and struggling older societies in Preston, Berlin, and Ottawa, all felt the need of stronger

direction from a central co-operative body. Secondly, all Ontario societies except Guelph encountered difficulties in placing orders with wholesale houses and hoped that a stronger provincial organization would be an effective champion. Thirdly, at least four Ontario co-operatives were dominated by British immigrants who knew the value of co-operators working together because of their experience overseas.

Taking advantage of these factors, Keen arranged for a meeting of delegates from eight Ontario societies at Preston on Victoria Day, 1914. The co-operatives represented-- Guelph, Preston, Berlin, Brockville, Galt, Hamilton, Peterborough, and Welland--decided to organize a section and to investigate collective buying as the first step toward creating a wholesale. The renewed interest in collective buying grew directly out of the problems affiliates encountered in ordering supplies from orthodox wholesalers. The Brockville society, in particular, was having considerable difficulty in securing supplies, the major local wholesale and two large institutions in Kingston refusing to do business with it. Similarly, the defunct London society and the struggling Sarnia co-operative had found placing orders most difficult, both having to go to Toronto to find a wholesale willing to do business with them. Although one reason for the wholesalers' attitude was the generally bad business record of co-operatives, another reason was that

local branches of Retail Merchants Association refused to deal with wholesale houses that served co-operatives.<sup>1</sup> Because of their pressure the Wholesale Grocers' Guild had passed a resolution requesting members to boycott the co-operative movement.

The Preston meeting decided to take positive action about the wholesaling situation and authorized Keen to investigate the possibilities of legal action under the Combines Investigation Act.<sup>2</sup> Carter was anxious for legal action, if possible, because he did not think the movement could make much progress until secure, dependable sources of supply were available. In fact, he advised groups thinking of starting societies to wait until the boycott was terminated.<sup>3</sup> Keen undertook a search for proof during the summer of 1914, but found securing documentary evidence suitable for a court of law impossible. Many wholesalers had orally informed co-operators that they would not do business with co-operatives, but none had ever written letters stating that fact. Moreover, Guelph never had difficulty in securing supplies, and wholesalers used this point to prove that they were not opposed to doing business with co-operators: they were opposed only to dealing with societies

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1. W.E. French to Keen, January 22, 1914, C.U.C., vol. 13, 1914 AM: file "B".

2. C.C., July-August, 1914, p. 14.

3. G. Akehurst to Keen, June 3, 1914, C.U.C., vol. 13, 1914 AM: file "A".

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2. C.C., July-August, 1914, p. 14.

3. G. Akehurst to Keen, June 3, 1914, C.U.C., vol. 13, 1914 AM: file "A".



that were poor risks. Keen did not accept the explanation of the wholesalers entirely, but he could not find sufficient<sup>1</sup> proof of an organized boycott to recommend legal action.

Nevertheless, the animosity of the wholesalers did play a part in creating whatever unity emerged in the Ontario movement during the spring and summer of 1914. Unfortunately, this unifying tendency was undermined by problems in most affiliated societies in the province. The wide-spread difficulty was largely the result of the depression affecting Ontario somewhat later than other regions, but it was also the result of errors made by individual co-operators and individual co-operative societies. Indeed, in the Union's view, nearly all problems were ultimately the fault of the men in charge of the societies; Carter and Keen, like most economic observers of the time, believed that any financial difficulties could be surpassed by "tightening the belt." They were encouraged in this belief by the fact that every co-operative failure of the period took place amid bickering and recrimination by society members. Sarnia and Welland, for example, both failed in late 1914, and both were characterized to the end by squabbling over nepotism, politics, and business policy.

The societies in Preston, Berlin, Brockville, and London, although they did not immediately fail, also ran

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1. Keen to P.H. Phillipen, June 19, 1914, ibid., file "C".

into financial problems in 1914. Berlin and London economized by eliminating their bulk purchases of The Canadian Co-operator. This decision meant that George Keen had to pay for the three hundred copies they had formerly purchased each month. He was already forced to buy five hundred of the five thousand copies produced monthly by the printer, so in a sense he was paying for the right to edit the Union's house organ. Like any editor he bitterly resented this imposition, especially because, by September, 1914, his payments for the costs of the little magazine had grown month by month to over \$200.<sup>1</sup>

Keen was also offended by the cancellation because he was justifiably proud of The Co-operator. Although producing the journal in his spare time, he made it into a respectable, well-written spokesman for the co-operative viewpoint. On its pages he faithfully recorded the ups and downs of affiliated societies, and he savagely attacked the enemies of co-operation as he saw them in Canada. Usually, he circulated over four thousand of these monthly epistles mostly through the affiliated societies scattered across the country. He also distributed about 150 copies to individual subscribers, many living in Great Britain and the United States. As a result, he received numerous communications from co-operative enthusiasts, including some well-known men such as Upton

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1. Keen to G. Lawson, September 11, 1914, C.U.C., vol. 14, 1914 NY: file "V".

Sinclair, Henry Wolffe, John Ryan, and Walter Lippman, Sr. He also received numerous tributes from other periodicals including The Toronto Star, The Globe, and The Farmers Sun, not all of which were sympathetic to the movement. After achieving such success, Keen had ample reason for being incensed about the Canadian movement's inability to cover the costs of publication.

The most serious blow to the Union's finances in late 1914 came from a deeply-troubled Cape Breton movement. The pattern was similar to that in Ontario, only more depressing because the co-operatives in the eastern mining towns had seemed to be in a strong position in 1913. The worsening depression, personality clashes, and jealously-preserved local autonomy, however, led to the disintegration of the attempt to unite the mining co-operators. In December, 1914, Keen was suddenly notified that the Maritime board would no longer send contributions to the Union; that the board would not receive any more contributions from rapidly deteriorating societies; that its wholesale project would be dropped immediately; and that future donations to the Union would depend upon the wishes of each society. Only slight criticism was directed toward the C.U.C., and Keen was so well thought of that the Glace Bay society sought his

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1. C.H. Ayer to Keen, December 4, 1914, C.U.C., vol. 13, 1914 AM: file "G".

services as manager in 1916.<sup>1</sup> But for the men in charge of Maritime co-operation, the C.U.C. was expendable because its impact was difficult to assess. The centre of Union activities seemed to be far away, and there was little opportunity, aside from occasional references in The Canadian Co-operator, for Maritime involvement in Union affairs. The one serious criticism raised by the withdrawing Maritime co-operators was that The Co-operator was "so highly elevated in a literary sense that it [did] not seem to contain anything that effects [sic]<sup>2</sup> or interest<sup>[s]</sup> the majority of Cape Breton members." In a period when Maritimers were more interested in securing "a little work" rather a "future betterment of conditions", there was little money to be applied "toward the forwarding of the movement in upper [sic]<sup>3</sup> Canada."

After the closing of the Maritime section, only the British Canadian Society of Sydney Mines decided to continue supporting the Union. The unique factor explaining the continuing strength of the British Canadian and the unquestioning support it gave to the C.U.C. was the nature of its leadership. Unlike many co-operatives, the British Canadian society always possessed strong leadership, especially in the

1. Keen refused on the grounds that he lacked business experience. See exchange between Keen and J.F. Van-Lane. C.U.C., vol. 17, 1916 AW: file "V".

2. C.H. Ayer to Keen, December 4, 1914, C.U.C., vol. 13, 1914 AM: file "G".

3. Ibid.

person of W.C. Stewart. Stewart was an efficient manager, trained in the best techniques of British co-operation, anxious to make the society an educational and social centre, and capable of domination in periods of stress. Stewart's task was made easy by the fact that the British Canadian society was established in 1906, just when an improving local mining situation was attracting numerous British mining co-operators. These newcomers, many of whom were young, stirred the co-operative sympathies which were already existing, and succeeded in organizing a vibrant society with strong reserves.<sup>1</sup> By the war years their society was the largest distributive co-operative in North America and the financial mainstay of the Co-operative Union. It was also the standard whereby other societies were evaluated by C.U.C. officials, partly because of its financial success and partly because of its interest in community activities: throughout the year it patronized public education programs, charity drives, and public entertainments, including music and plays composed and written by local talent.

vi

By late 1914, the Union was in considerable difficulty. The emphasis on developing local societies had not made the C.U.C. secure although it had created numerous co-operative.

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1. Keen to George Mooney, October 1, 1937, C.U.C., vol. 84, 1937 JM: file "M".

societies. A beleaguered George Keen, too involved emotionally to resign, did not know what to do. His policy of bringing in British managers--no less than five were at work in late 1914--had not brought instantaneous success; the sudden collapse of the Maritime section had left the Union nearly \$300 in his debt; management committees in several societies, inexperienced and torn by dissension, were not providing the required leadership; and the agrarian movements offered hope but not much more than that.

As if these set-backs were not enough to plague him, Keen was further burdened by Samuel Carter's increasing disinterest in the Union. In part, Carter's disenchantment stemmed from the rejection of his 1913 plan for reorganiza-<sup>1</sup>tion and from all the problems that had appeared in 1913. Carter was a successful man, enterprising, ambitious, and capable, and he did not accept the Union's failures easily. Moreover, he had little tolerance for the poor business techniques all too common among Union affiliates. Thus, in late 1914, Keen wrote a friend that he had not seen Carter "for some little time", and he could not arrange for<sup>2</sup> an executive meeting because of Carter's discouragement.

But the main reason for Carter's increasing disinterest in the C.U.C. was his growing involvement in political

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1. Keen to R.H. Coats, January 24, 1942, C.U.C., vol. 105, 1942 AC: file "C".

2. Keen to A. Thompson, December 30, 1914, C.U.C., vol. 14, 1914 NY: file "T".

activities. Carter and Keen had not ended their political careers following the 1911 election, although that election did end the clearly partisan approach they had formerly taken. Indeed, their approach toward co-operation meant that they had to remain active, to some extent, in municipal, provincial, and federal "political" affairs. For both men--and later for W.C. Good--co-operatism was much more than a few rules worked out by some English weavers in 1844: it was a total philosophy capable of application in nearly all aspects of human life. All of them believed in the possibility of a Co-operative Commonwealth, though none expected such a utopia to appear within the immediate future. One reason why they thought the ultimate goal was far distant was their belief that true progress depended upon educated mass movements. According to them, nearly every citizen had to be trained to participate fully in all of the organizations and developments which affected him. Solutions to current problems which overlooked the necessity of intelligent participation by the majority could be, at best, temporary solutions; leaders who sought to dominate rather than to motivate could be no better than temporary pacifiers of social unrest. In politics, this attitude meant that the Union leadership became interested in political movements that obviously developed from consumer unrest, labour disenchantment, or agrarian grievances; for them, these were sincere political manifestations of economic and

social grievances and they were--as long as they were un-associated with the major parties--pure calls for action undefiled by the machinations of traditional politicians.

Samuel Carter was the first Union executive to gain political recognition. Because of his co-operative affiliation, Carter never became a good party man, though as an Independent he tended to support the Ontario Liberal party. The general non-partisanship reflected the customary rejection of traditional politics by the Canadian leadership. In fact, the most-repeated point made politically by Carter, Keen, and, later, Good, was that legislatures must transcend their traditional preoccupation with party advantage and resolve problems according to the provincial or national interest. In economic policies, for example, emphasis should be given to consumption and not to production; to regulations reducing costs rather than stimulating production.

Carter's rise to relative political prominence was typical of the way in which the C.U.C. leaders became politically involved. As his business interests prospered and permitted him to devote more time to public affairs, Carter became an ardent advocate of increased responsibility for the working classes. His public career became a crusade to help consumers in general, and workers in particular, control the economic and political organizations which controlled their lives. This notion, aside from any personal ambition



he may have had, led him, in the early years of this century, to champion municipal control of public utilities. He believed so emphatically in this practice that he spent \$700 of his own money in publicizing its value.<sup>1</sup> In 1903 his crusade was successfully completed, and the town of Guelph purchased the Guelph Heat, Light, and Power Company and became the first Ontario town to control its own power company.<sup>2</sup> From 1905 onward, while he was an alderman, he served as chairman of the municipal government's Light and Heat Commission. His service in the interests of publicly-owned utilities was capped by his selection in 1915 as a vice-president of the Hydro-Electric Union of Ontario.<sup>3</sup>

His involvement with labourers, both as a promoter of public utilities and as proprietor of Royal Knitting Mills, along with his strong Methodism, made Carter aware of the social problems attributed to alcoholism at the turn of the century. In 1903 he ran for the provincial legislature in Wellington South as a Prohibition candidate. He lost rather decisively, gaining only 400 votes out of the 4,800 cast.<sup>4</sup>

The agitation for both public utilities and prohibition

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1. Keen to A. McNeill, September 19, 1911, C.U.C., vol. 8, 1911 MZ: file "M".

2. Parliamentary Guide, 1914 and 1915.

3. Ibid.

4. Parliamentary Guide, 1904.

were the two issues that attracted Carter to political life. Such involvement, because of issues rather than because of long-standing affiliation to a particular party or to a set of strictly political principles, characterized the political activities of the C.U.C. executives. Both George Keen and W.C. Good were also aroused to political activity for essentially the same motives, although the issues were somewhat different. For that reason, none of the three men ever wielded very much political power: in the final analysis, political reality in Canada does not permit political leaders to isolate public issues one from the other and resolve each on its own merits; rather, issues are melded together until attempted solutions to specific problems must be muted to meet the demands of other, often extraneous, issues.

Carter was elected mayor of Guelph in 1913. His election was not unexpected because he had a strong campaign platform based on the decade of service he had given to the community. Aside from his work in favour of prohibition and public utilities, he had also devoted a great deal of time to the Guelph co-operative and to the attempt to form a workers' co-partnership.<sup>1</sup> His victory, as a result, was a most convincing one, and he won the mayoralty with the largest majority to that time in Guelph history.<sup>2</sup> One year

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1. See pp. 137-140.

2. C.C., January, February, March, 1914, p. 22.

later, running as an Independent, he was elected to the Ontario Legislature.

With wide-spread political activities to preoccupy him, with a growing business to look after, with a struggling local co-operative to supervise, Carter became too busy to contribute much time to the C.U.C. Whatever spare time he had, he tended to devote to the Methodist Church's reform activities, leaving Keen in a rather lonely position. Thus, in one of its periods of greatest weakness, the Union was beset by problems in nearly all its societies, by continuous financial difficulties, and by the evident disinterest of its president.

vii

Amid all these difficulties, it is remarkable that the C.U.C. and George Keen maintained the will to continue. Three factors largely explain this continuation: the first was the lingering potential of the urban and rural movements in Ontario; the second was Keen's own success as a co-operative propagandist in Brantford; and the third was the outbreak of World War One.

There were two ways in which the Ontario situation still seemed to be promising. Despite all the set-backs between 1911 and 1914, new societies had appeared in Berlin (Kitchener), Ottawa, Brockville, and London, and many other groups had shown an interest. Moreover, as the depression

deepened, more urban residents became interested in developing co-operatives to meet their consuming needs. Outside the urban centres, the province's farmers were becoming increasingly more militant and more concerned about all aspects of co-operation; if the Union could wait long enough and work hard enough it could conceivably benefit from this awakening interest.

Keen's success in espousing the co-operative viewpoint in Brantford developed out of his participation on behalf of the public ownership of local transportation and hydro-electric power systems. His agitation for public ownership of transportation started in 1911 and increased markedly in 1912 and 1913. He contributed several articles on the question to The Brantford Free Press, a small journal which began publication in March, 1912, under the auspices of the Trades and Labour Council. In his articles he suggested that public ownership should involve something more than the mere operation of services by municipal authorities. Stressing that good public ownership involved full participation by the citizens, Keen wanted a directly elected body placed in charge of the system.<sup>1</sup> His work was partly responsible (he tended to see it as entirely responsible) for the

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1. Article entitled "Brantford Municipal Railway", K.P., vol. 1: file "1911". This article is probably misfiled and should be located in file "1912". Compare contents with letter, Keen to C.O. Baring, February 23, 1914, K.P., vol. 13, 1914 AM: file "B".

purchase by the city in 1914 of the Street Railway system. This system was incorporated into the Brantford Municipal Railway, an earlier publicly-owned transportation network.

At the same time he was sparking the transportation campaign, he also led an appeal for importation of electric power from Niagara Falls by the Ontario government. Earlier attempts in Brantford along the same lines had failed miserably, but the campaign directed by Keen in 1914 was eventually successful. A by-law was passed creating a municipally-owned system which, in terms of the old price of the existing private company, cut costs in half. Even the original, privately-owned company dropped its prices by over twenty-five percent.<sup>1</sup>

Keen further demonstrated how his co-operative interests naturally led to involvement in public issues by leading a campaign for co-operative housing in Brantford during 1914 and 1915. Co-operative housing for working-men had been well developed in Great Britain, and the British experience was popularized in Canada initially by Henry Vivian. Vivian, a socialist M.P., toured Canada at the request of Lord Grey in 1911. He appeared in most of the important towns, decried North American slums and predicted a worsening situation

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1. Article entitled "Brantford Municipal Railway", K.P., vol. 1: file "1911". This article is probably misfiled and should be located in file "1912". Compare contents with letter, Keen to C.O. Baring, February 23, 1914, K.P., vol. 13, 1914 AM: file "B".

unless Canadians resolved the problem through co-operation in the British tradition. He pointed with pride to the fourteen successful co-operative housing establishments in Great Britain, especially the Hampstead Tenants Ltd. This organization, Vivian explained, combined all the features believed necessary for a full life: it had carefully-planned streets, inexpensive but attractive housing, proximity to places of work, and educational as well as social facilities. He described this development eloquently and vigorously, and he received an enthusiastic reception in many cities.

Using Vivian's tour as a starting point, Keen became a vociferous, if not too successful, exponent of co-operative housing. By 1913 he was actively promoting a co-operative housing venture for Brantford, arguing that:

The rapid and, to a great extent, the artificial development of the urban districts of Canada makes the systematic treatment of the housing question our most pressing social duty. Trade Unionists cannot apply their thought and energy to better advantage than by giving best attention thereto, not only in the organization of voluntary housing societies but by seeking office on the civic councils, securing the investment of municipal funds and the initiation of systematic town-planning schemes in the interest of the people, to work in sympathy and co-operation with and, if necessary, as supplemental to voluntary activities.<sup>1</sup>

Brantford was an apparently ideal centre for his campaign because its rapid expansion, on account of the farm implement

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1. C.C., January, 1913, p. 16.

industry, had produced a housing problem of serious proportions. Workers had poured into the city looking for work creating an inflationary spiral on land prices and a strong promoter-oriented attitude among politicians. Keen sought to contest these trends by organizing the workers behind a housing venture. He hoped, in particular, to attract the support of the city's British immigrants, many of whom knew about co-operative housing developments in the "Old Land".

In launching the housing campaign, Keen particularly attacked the small group of wealthy Brantford citizens who had speculated most successfully on the city's expansion. Like the Single Tax advocates, Keen and the co-operators loathed what they termed "unearned increments" or increases in land values not derived from honest work or increased investment. To them, this practice was evil because it rewarded people for simply owning land close to others who had worked hard or invested heavily. In Brantford, Keen believed, industrial expansion had created an environment wherein a few fortunate families profited handsomely because many Brantford labourers worked hard for low wages to make the city ideal for capitalist development. By 1914, land on the outskirts of the city was costing \$100 per acre for good building lots, a price that forced most wage-earners to live in deteriorating homes in steadily more over-crowded down-town districts. To escape, a worker "sweltering ten hours per day to earn from \$1.50 to \$2.00", would have to

pay land prices "which would make the most unconscionable Shillock [sic] green with envy."<sup>1</sup>

Keen, in common with the similarly motivated men elsewhere, believed that gross land speculation took place with the active encouragement of governments, especially the municipal administrators. Most of the last-named governments, he believed, including the Brantford municipal organization, were primarily interested in creating speculative opportunities for the assertive few in charge of local businesses. According to Keen, the effect on ordinary citizens of this unfair stimulation of the economy was never seriously taken into account. In Brantford, the municipal council in 1913 and 1914 devoted most of its attention to the attraction of new industries, going so far as to contemplate constructing factories as a means of attracting businesses.<sup>2</sup> Keen, in newspaper columns and in trade union circles, protested this plan, arguing that the primary aim of local government should be the improvement of living conditions for all citizens. He wanted the municipal authorities to use public money to improve living accommodations through the backing of loans for co-operative housing and through

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1. Keen to the editor, The Courier, June 9, 1914, C.U.C., vol. 13, 1914 AM: file "C".

2. Keen to the editor, The Expositor, und., ibid.



the supplying of public utilities.<sup>1</sup>

Unfortunately, Keen could not stimulate much response among Brantford labourers. With probable accuracy, he believed that the cause of the workers' apathy was their belief that they too could participate in successful speculation.<sup>2</sup> While land was expensive and the costs of construction high, the profits to be gained in an expanding economy were partly available to workers as well as to entrepreneurs. Aware of this possibility, the most ambitious among the labouring classes rejected the potential security but limited gains of co-operative housing in favour of the continual insecurity but potential bonanza of capitalist housing. There was no sense of solidarity among the labourers of Brantford to overcome this attitude, and in view of the racial mixtures and heterogeneous backgrounds, little opportunity to develop it.

Yet, Keen had found listeners in his work in Brantford: he had gained the respect and affection of the city's unionists; he had engineered the city's municipalization of transportation and electric facilities; he had become well known through the pages of The Brantford Free Press; and he had gained the opposition of the city's elite, for him an

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1. C.C., January, 1913, p. 6. Keen conducted this campaign at considerable cost to himself. He was offered the chance to become Brantford's Industrial Commissioner at a lucrative salary if he would have been willing to change his attitude and work for the attraction of new industries. He refused, preferring to lobby for co-operative housing and to work for a non-paying C.U.C.

2. Keen to the editor, The Expositor, und., ibid.

indication of virtue. Such accomplishments were encouraging, demonstrating to him that co-operators had a valuable message to broadcast in 1914. Pragmatic success might have eluded the Union, but its executives had been able to contribute something of value to their communities.

## viii

But, above all, it was the war that made Keen stubbornly persist in keeping the Union afloat. He, like Carter, thought that the war proved the fallacy of establishing a civilization on competitive individualism. It also demonstrated how essential it was for co-operators to show how their principles could be used as the basis for a new world order. The movement had to demonstrate its ability to keep alive and had to show how it could surmount differences by maintaining connections between the movements on both sides of the conflict. From the beginning of the war, George Keen, taking his cue from some of the British leadership, was sympathetic to the German co-operators, arguing that the movement could emerge intact from the holocaust. For the same reason, he pleaded for the tolerant treatment of Germans in Canada, especially Germans active in the movement. He protested against harsh treatment afforded German nationals, pointing out that most German-Canadians were good citizens and that many of them opposed the Kaiser.

1. Keen to P.J. Schoonerberg, September 26, 1939, C.U.C., vol. 186, 1939 SY: "Waldhof Farmers Coop".

Keen also expressed considerable admiration for the devotion and sense of duty demonstrated by Germans during the war. Great numbers of them were willing to contribute much, if not all, to the state. Such self-sacrifice he regarded as a virtue, especially because he had seen such wide-spread corruption and egotism in Canada. Perhaps an adaptation of the German pattern in Canada would serve to destroy the commonly-held notion that the state was no more than an instrument for the purposes of individual self-aggrandizement. Perhaps there was value in seeing the state as an abstract entity linking the past, present, and future and as an institution worthy of the deepest respect and devotion;<sup>1</sup> perhaps with such a view, citizens would be more willing to support programs aimed at the general rather than the individual interest.

Nevertheless, the Union executives were decidedly pro-British during the war. Their generally British background and their deep devotion to the British co-operative movement precluded any deep respect for the total German nation. They looked upon the British treaty with Belgium as a binding contract incapable of being disregarded by any honourable nation. They also believed, although not seeing the issue

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1. Untitled, undated speech by Keen to Catholic Order of Foresters, 1915, K.P., vol. 1.

in black and white terms, that there was a greater degree of freedom afforded the individual under the "British system". In particular, there was the tradition of freedom of association which made co-operation possible on an extensive scale. As a result, co-operation had developed there in a more diversified fashion than elsewhere. Thus, to some extent, the co-operative movement had a stake in an Allied victory: if Germany won, then "the success of centuries of peaceful agitation for democratic liberties would be destroyed, and that the world would be thrown back to the distant ages of the past when the domination of brute force was the only recognised law".<sup>1</sup>

But, in the view of the Union executive, Germany was only slightly more at fault than the other European and North American countries. They believed that the encouragement of competitive instincts among citizens of all nationalities led directly to the development of competition for supremacy among nations. Thus, the ultimate enemy was international and as evident at home as elsewhere. Indeed, Keen occasionally found it difficult to support the war at all because he could see it partly as a struggle to protect the interests of the wealthy and only incidentally as a

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1. C.C., July, 1916, p. 13. As the war progressed the views of the executives in this regard were apparently partly vindicated by the German governments correspondingly greater intervention into the affairs of the German movement.

struggle for liberal democracy. The Canadian war effort, in particular, seemed to him to be dominated by scheming profiteers bent upon extracting as much as possible from the competitive madness unfolding in Europe.<sup>1</sup> But, in the final analysis, his British patriotism and his belief that co-operation generally benefited most under the Allied governments led him to support the Canadian war effort.

More importantly, the outbreak of war convinced Keen that the Union must remain alive. The conflict demonstrated to him the need for advancing the co-operative viewpoint before competitive individualism destroyed the world. Canada could not be ignored in the international struggle, no matter how difficult the task or how unending the frustrations. Moreover, there were Canadians who were willing to listen and, occasionally, to act: his own work in Brantford proved that fact, and it was further collaborated by the interest shown in agrarian circles and among urban consumer groups. The Union had an obligation to persevere, regardless of the discomfiture of its executives.

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1. Keen to C.O. Baring, August 31, 1914, C.U.C., vol. 13, 1914 AM: file "B".

## CHAPTER FIVE

### AN ACT OF FAITH:

#### THE UNION FROM LATE 1914 TO REORGANIZATION IN 1918

The Well-informed co-operator does not regard satisfaction of his material needs as the one purpose of existence, or the object of the Co-operative Movement, but merely as the means of sustaining life, and with the view to the better development of mind and character. It will be appreciated, therefore, that on this essentially materialistic continent the co-operator is working in the world's greatest missionary field. For this reason it is obvious that while progress must be relatively slow, his social gospel is all the more sorely needed.

George Keen,  
C.C., April, 1916, p. 5.

If no educational fund is devised in the infancy of a society, often no will is strong enough, no reason can prevail, to retrace the deplorable step. Ignorance grows upon a society as age upon an individual. It stiffens its limbs, it bows its head, it dims its sight, it enfeebles its mind, until it retains nothing but the courage of cupidity; and to gratify that it walks in ignoble ruts all its days. Such a society may grow, but it has no soundness; its largeness is puffiness, and a shock of adversity may bring it at once under the hands of the fiscal coroner who sits in the bankruptcy court. As it commanded no respect in its day no one mourned its demise. Since you cannot make co-operators out of simpletons, it is prudent to take care that they do not overrun the society. Caesar, we are told, lamented that he could proceed no faster on his victorious march than the asses who carried his baggage could travel. The progress of most societies is often retarded by the same kind of animals.

George Jacob Holyoake,  
C.C., February, 1918, p. 1.

His resolve strengthened by the outbreak of war, Keen devoted even more of his spare time to the movement in 1915. Much of his work in that year was donated to the farmers of Brant County who were trying to develop their own co-operative enterprises. Keen had partly sparked this drive in the county by his speeches before the local fruit growers' organization, and he played a prominent role in the formation of the Brant Farmers Co-operative during early 1915. He drew up the prospectus for the new society, served as its secretary, and co-operated closely with its president, W.C. Good. Keen organized the society according to Rochdale principles--<sup>1</sup> all of which he included verbatim in the charter--and, from the beginning, tried to make his agrarian neighbours aware of the ethical side of the movement. As organized, the Brant Farmers Co-operative was to be both a produce and a distributive society. The former services were naturally emphasized in the beginning, but wholesale purchasing was started early in the institution's history and plans were

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1. See "Prospectus", C.U.C., vol. 18, 1917 AL: file "B".

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soon laid for the establishment of a store.

The development of the Brant Farmers Co-op maintained the partnership Keen had formed earlier with W.C. Good. The two men co-operated together in a series of public addresses to farm groups during the summer of 1915, a series which was remarkably well received. Seeing the interest among Ontario farmers, Keen offered partial integration of the C.U.C. with the U.F.O. movement. He proposed devoting half The Canadian Co-operator to the co-operative interests of the Ontario farmers, an arrangement which he thought would benefit both the U.F.O. and C.U.C.: to the former it would offer a wider point of view than traditional agricultural journals; to the latter it would offer a new audience and an increased income.<sup>2</sup>

Keen's offer was considered and rejected at the U.F.O. annual meeting held in August, 1915. The United Farmers preferred to wait until they could afford their own journal, in the meantime, using a monthly trade bulletin to disperse practical information to local organizations. The decision was also in keeping with the insular approach taken by the emerging farmers' movement: concerned about declining rural areas, worried about the rise of cities, and anxious to protect the family farm, Ontario farmers sought their own

1. Keen to A. Chisholm, April 16, 1917, ibid., file "C".

2. See exchange between Good and Keen, January and February, 1915, C.U.C., vol. 15, 1915 AM: file "G".



salvation within themselves. For George Keen, the refusal was a major disappointment from which he concluded that Ontario farmers were as materialistic as ever. In his view, the decision was:

largely the result...of the influence of men who have for many years past been faithful servants of the quasi-political and economic interests of Ontario farmers, but are not influenced by the co-operative mind, and indeed know little or nothing of co-operative principles.<sup>1</sup>

The rejection of Keen's proposal, however, did not demoralize the Union as much as might have been expected. Although the 1913 depression had terminated the expansion of the 1909-1912 period, it had not destroyed interest in the movement; indeed, the early war years saw an increased demand for the Union's services by numerous groups scattered across Canada. These new demands, the majority of which emanated from the smaller industrial towns of Ontario, placed severe strain upon Keen's time and financial resources.

By 1915 he was forced to employ one of his daughters part time in the office which he opened in his home and contributed to the Union without charge. By July of that year, Keen estimated that operating the Union cost approximately fifty dollars each month, with thirty dollars of that amount being used to pay his daughter and the remainder to pay for printing and stationery expenses. The problem was that income from his co-operative work, usually in the form

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1. Keen to A. Groh, October 27, 1915, C.U.C., vol. 16, 1915 NY: file "U".

of monthly contributions from the stronger societies, seldom amounted to more than forty dollars.<sup>1</sup> The result was that, as each month passed, the Union fell more and more into his debt.

To resolve the financial problem which started to appear during late 1913 and to take full advantage of the interest in the movement, Keen sought to have a national congress called in late 1914. He was vetoed by Carter, who was very preoccupied with his political career and discouraged by the Union's rejection of his 1912 plan for reorganization. In 1915 Keen continued to pressure for a national meeting;<sup>2</sup> finally he was successful in securing general consent for a Congress on Labour Day in the town of Galt. It was essentially a meeting of Ontario societies--the English society in Valleyfield being the only out-of-province organization represented--and it was primarily concerned with the problem of establishing a sound financial base for the Union.

After a day's debate, the Congress decided that there were two aspects to the financial crisis: repaying Keen the \$203.94 owed to him and establishing a formula whereby member societies would pay enough in the future to allow the Union

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1. Keen to H.T. Owens, July 31, 1915, C.U.C., vol. 16, 1915 NY: file "O".

2. Keen to A. Thompson, December 30, 1914, C.U.C., vol. 14, 1914 NY: file "T".

to meet its expenses.<sup>1</sup> To reimburse Keen for the expenses he had already met out of his own pocket, William Button of Galt was chosen to organize a special appeal whereby each society would be asked to donate ten or fifteen dollars until the debt was paid. To place the Union on a stronger financial basis in the future, the Congress established a formula whereby each society would pay according to the size of its net profit. After considerable discussion, the Congress decided upon the following rates: any society with a net surplus of \$1,000 would pay ten cents per purchasing member; any society with surplus between \$1,000 and \$1,500, fifteen cents; between \$1,500 and \$2,000, twenty cents; over \$2,000, twenty-five cents. For purposes of this formula a purchasing member would be a member who bought at least fifty dollars of merchandise within the given year.

These methods were only partly successful in resolving the problem. Button completed his canvass of member societies shortly after the Congress, but his requests netted only \$120, most of the funds coming in the form of a fifty-dollar donation from the Glace Bay society. There were just not enough societies able to find the few dollars required to meet the special levy. Similarly, the formula established to provide funds for the Union each year seemed

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1. C.C., September, 1915, p. 13. The following account, unless otherwise noted, is based upon the report published in this issue.

acceptable in principle but proved to be of little value in practice. There were too few prosperous societies with too few shareholders to allow the Union to gain solvency. The two techniques, however, did provide a brief respite from financial worries by providing Keen with some capital and by providing a possible solution for the future.

Nevertheless, the fact remains that Keen's plight received little concrete relief as a result of the 1915 Congress. The movement was not willing to stir itself on the Union's behalf as it might have done, and Keen was left to carry on as best he could. The Congress itself demonstrated this uneven distribution of responsibility. Only one man, George Lawson of Valleyfield, came to the meeting with any significant proposals, and even his speech elicited little in the way of comment. Most of the delegates had nothing to contribute, and discussion was brief and pointless. Lip service was paid to the need for education and to the desirability of purchasing from the British wholesales, but, aside from an offer by the Ottawa manager to serve as a supplier of samples for the British organizations, no concrete action was taken.

In other words, the movement in 1915 did what it always tended to do in the difficult times between 1909 and 1930: its leaders protected their own institutions and generally left the Union to fend for itself. More seriously, its leaders generally refused to come to grips with the

basic problems: just as men responsible for declining societies tended to ignore problems in the hope that they would go away, so the leaders of the movement followed what Keen called "a policy of drift".

## ii

By late 1915 the Union was at one of the lowest points in its history: Samuel Carter was too preoccupied to give it much attention; the urban movement, convulsed by the catastrophes of the 1913-1915 period, was too timid and weak to offer much help; attempts at uniting with the Prairie co-operators had failed; the Ontario farmers persisted in their stand-offishness; and the Congress of 1915 had not produced any solutions. Once again, the remarkable fact was that the Union continued to function.

As in 1914, it was George Keen who insisted that the C.U.C. stay active. He believed that the Canadian movement still possessed potential and that it was just going through a period similar to that met by the British movement in the 1850's. Always the optimist, he maintained that the Canadian societies would soon realize their responsibilities, that new organizations would emerge, and that the Union would consequently receive adequate financial support.

The basic problem, as Keen saw it, was still the matter of education:

Nearly every failure which comes under my notice is an avoidable one. The trouble is that local organisers will listen to advice given as the result of past experience, but when they get down to business absolutely ignore it. Were we sufficiently organised to justify the existence of a wholesale society, such societies would have to act in conformity with recognised business principles or get out.

Educationally, the Movement is almost dead in the country. Very few of our committeemen know anything about the principles of the Movement. It is doubtful if they ever read a standard work on the subject. There is, therefore, a lack of moral enthusiasm and a consequent indifference if things financially do not go as they ought. Still, on the whole, I think we are making progress throughout the country and the accumulative value of past work will be better appreciated a few years hence.<sup>1</sup>

He would need all the optimism he could muster. The statistics for 1915 revealed how difficult was the situation confronting the Union. Only eight societies out of the twenty-three affiliated bothered to send in their annual statistics; of those that did not, eight collapsed in 1915 and 1916. The total trade of the reporting eight was only \$650,000,<sup>2</sup> a catastrophic drop from the \$1,500,000 reported by affiliates for 1913.<sup>3</sup> So discouraging were these statistics that not even the irrepressible Keen could find encouraging words to accompany them on the pages of The Co-operator.

The societies that crumbled did so for a variety of

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1. Keen to Carter, August 16, 1915, C.U.C., vol. 15, 1915 AM: file "C".

2. C.C., February, 1917, pp. 8-9.

3. C.C., February, 1915, pp. 8-9.

reasons. All were beleaguered by management problems and personality clashes; all were located in small industrial towns adversely affected by the depression that lasted into 1916.<sup>1</sup> Three of the failures--in Ottawa, London, and Brockville--were located in Ontario, and their collapse ended any hope of creating a strong movement in Central Canada. The others--Dominion, Sydney, and Inverness in Nova Scotia; Coleman and Hillcrest in Alberta; and Winnipeg in Manitoba--<sup>2</sup>were all societies dependent upon trades union support.

The failure of these societies, dependent upon the aid of unionists in the local councils, is explained by a number of factors. In 1914 and 1915 trades unionism declined as a force in Canadian life, not to be revived until the development of numerous grievances in late 1916.<sup>3</sup> More importantly for the consumers movement, British immigrants were the most eager to enlist in the armed forces. Two managers with British experience enlisted immediately, and numerous

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1. As late as May, 1915, in the industrial city of Brantford, there were 2,000 unemployed, 400 houses vacant, and rent was reduced as much as fifty percent. Keen to P. Ermatinger, May 10, 1915, C.U.C., vol. 15, 1915 AM: file "E".

2. The Winnipeg society assigned in 1915, but its assets were purchased by five of its members who then opened the store under new management. The store re-entered the Union in this altered form in 1919. Interview with A. Scoble, May, 1970.

3. C. Lipton, The Trade Union Movement of Canada, 1827-1959 (Montreal, 1968), pp. 1-68.

directors from the societies that failed also entered the armed forces. For co-operative unionists left behind, other issues, such as conscription, agitation for better wages, and struggles to improve working conditions, were much more important and attracted most of their attention. Even the most enthusiastic co-operators found it difficult to find time for the movement: George Lawson of Valleyfield, a most sincere co-operator, wrote,

I do not know which way to turn to get clear of work to do. For example last week I had Co-op Monday and Tuesday, Union Wednesday and Friday and was compelled to be absent from two others a Sunday School Teachers Meeting and Boy Scout Meeting. I have been compelled to tendered sic my resignation as Treasurer and Teacher in our Sunday School because I am beginning to realize that my family deserves to have some of my time.<sup>1</sup>

Among the isolated factors causing the decline of individual societies, the mining accident largely responsible for the closing in Hillcrest, Alberta, was the most tragic. Early in July, 1914, 189 miners were killed in an explosion in a mine near Hillcrest. The disaster decimated the town's population: as one member of the local society wrote Keen,

we...have lost about forty-five to fifty members or Shareholders, including the President, G. Pounder, Committee men T. Turner, W. Turner, F. Moorhouse, and J. McKinnon, and I believe it has also cleared out all the Officials of the Orange Order, the Masonic Order, and quite a few Oddfellows, all members of the School Board and also all the Male members of the Methodist Church with the exception of Mr. Long....<sup>2</sup>

1. Lawson to Keen, December 15, 1915, C.U.C., vol. 15, 1915 AM: file "L".

2. J. Peel to Keen, July 6, 1914, C.U.C., vol. 13, 1914 AM: file "H".



The Hillcrest society never recovered from this disaster. The loss of experienced leadership was a serious blow not easily overcome in a town deficient in manpower. Moreover, the mine was not reopened immediately, meaning that there was greatly reduced purchasing power and insufficient currency available for the store. These factors, along with strikes in 1915, forced the closing of the store despite the best efforts of several local co-operative enthusiasts.

From a Union viewpoint, the failures in the mining towns on the east coast were less disastrous in human terms but more serious to the cause of co-operation. The collapse of the three societies in Sydney, Dominion, and Inverness destroyed what had been the most promising development in the Canadian movement: the drive toward formation of a wholesale and section in the Eastern Maritimes. The same factors that generally caused the failures of other societies were operative in the Maritimes, only with more intensity. The depression beginning in 1913, for example, hit the coal mining regions with considerable severity in 1914 and 1915. As late as the autumn of 1914, and despite the war, steel plants in the area were closed down,<sup>1</sup> imposing severe hardships upon the struggling co-operatives established by the miners. As a result all efforts to form a wholesale and a

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1. G. Smith, "Canadian External Affairs during World War One", H.L. Keenleyside (ed.) The Growth of Canadian Policies in External Affairs (London, 1960), pp. 38-39.

Maritime section came to an end, as did most of the financial support given the C.U.C. by the Cape Breton societies; by early 1915, only Sydney Mines was paying an annual grant to the Union.<sup>1</sup>

As the difficult times continued, Sydney, Inverness, and Dominion withdrew or were expelled from the Union. Glace Bay remained, but in contrast to the 1909-1911 period when it was the premier society in the Union, its future was in doubt. Of the societies that failed, the greatest disappointment was the Sydney society, located only a few miles from the consistently expanding Sydney Mines organization. It started out in a very promising fashion with ample membership and subscribed capital, but it never, even in the best of times, produced the same type of committed endeavour that characterized Sydney Mines.<sup>2</sup> The board of directors never resolved basic differences of opinion over questions of sales policy and employment practices. Quarrels emerged between the directors and the manager and were not resolved despite the passage of considerable time. Above all, the members took only a desultory interest in the society's welfare, and they undertook few educational activities in the community. After frequent changes in managers and following

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1. Keen to L. Hollett, April 29, 1915, C.U.C., vol. 15, 1915 AM: file "B".

2. See C.C., July, 1916, pp. 7-8.

a run on share capital by nervous investors, the society closed its doors in early 1916.

The co-operatives in Dominion and Inverness had similar histories. Both were divided by personality clashes; both were harmed by lay-offs and strikes; both suffered from the closing of mines; and both lacked the will or the resources to surmount the difficulties that developed. Their failures demonstrated the problem the Union would always have with societies located in towns depending essentially upon single industries: while they offered excellent potential because private enterprise was often exorbitant, they were frequently unstable because of disastrous fluctuations in business trends.

The failure of these societies, along with the slow expansion of the Glace Bay society,<sup>1</sup> made the Sydney Mines co-operative the mainstay in the Maritimes. From Keen's viewpoint, the reason for this society' success--a success made obvious by its ability to retail \$298,999 in the poor year of 1915<sup>2</sup>--was its loyalty to the total co-operative philosophy. Throughout its history it stressed the importance of education by sponsoring numerous public concerts, membership

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1. Glace Bay, for example, saw its trade decline from \$180,000 to \$140,000 in 1915. C.C., February, 1917, pp. 17-18.

2. Ibid.

drives, and community activities. It became a creative force within Sydney Mines and a source of strength for miners subject to all the difficulties of the hazardous Nova Scotian industry.

## iii

But from the Union's viewpoint, the worst disasters occurred in urban areas of Southern Ontario. The C.U.C. executives were essentially oriented toward that region and the collapse of their efforts in the province's small towns during 1915 and 1916 was a harsh blow to them. As mentioned, Carter was particularly demoralized by the failure, and, from the 1915 Congress to late 1918, his participation in C.U.C. activities was negligible. Keen was less affected because he was continuously encouraged by the constant stream of enquiries from various groups in several Ontario towns. In his view, these enquiries demonstrated that the Union had only to wait for good times to see the expansion so long hoped for in Ontario.

Of the three affiliates which failed--Ottawa, Peterborough, and Brockville--the last two were not unexpected: both had poor starts because of insufficient shareholders and because of difficulties in securing connections with wholesalers. The Ottawa store, however, was a major disappointment. It had built up an annual trade of about

seventy thousand dollars by 1914,<sup>1</sup> and it had seemed to overcome some of the problems mitigating against societies in larger urban centres. It had cultivated a loyal membership by taking advantage of civil service solidarity and by restricting delivery to areas near the store; thus it had eliminated the two major problems for co-operatives in large cities, the lack of a sense of community and the expense of high delivery charges.

Beginning in 1914, however, problems began to appear, problems which were never rectified. Alexander McNeill of the Department of Agriculture, who had been president, died in late 1913, and his organizational ability was quickly missed. Members of the society started quarreling among themselves over the issues of encouraging non-civil servants to join, opening a new store, enlarging the old one, and appointing a new manager. The quarreling produced declining patronage, difficulties developed when many members entered the armed forces, and what had been a promising co-operative soon lost its dynamism and failed.<sup>2</sup>

Of all the urban affiliates in Ontario, only Guelph possessed stability in 1915 and 1916. It maintained an annual trade of between \$120,000 and \$135,000, about the same as it had been grossing since 1910. Their key man in

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1. C.C., October-November, 1915, pp. 16-17.

2. See C.U.C., vol 14, 1914 NY: file "O", and C.U.C., vol. 16, 1915 NY: file "O".

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this stability, of course, was Carter who donated considerable time to the society. In fact, his ability to provide effective leadership in Guelph--an accomplishment made remarkable because the society depended more upon loans than upon invested capital--was one reason why he was so frustrated with the movement's failures elsewhere. As a successful leader-businessman, he had little patience with lax business technique, an approach all too common in many Union affiliates. Thus, he continually lamented the lack of businessmen in the movement and maintained that there could be no hope for advancement until shrewd businessmen emerged.

While the movement in urban Ontario was declining in 1915 and 1916, there were some equally discouraging developments in rural Ontario, notably in connection with the United Farmers of Ontario. In the early years of the U.F.O. movement, there were relatively good relations between it and the C.U.C. Keen was a frequent speaker at the U.F.O.'s annual conventions, and W.C. Good served as a strong link between the two. But, by 1916, relations were becoming strained because the farm leaders were not achieving the progress they had hoped for during the organizational period in 1914. In searching for an explanation for the lack of growth, the leaders began to re-examine the basic structure of the United Farmers Co-op, for them a more important institution than the U.F.O. Most of the early members of the Co-op were societies, usually farmers' clubs and subordinate Granges,

and, in the early years of the war, these organizations could not afford to sponsor a very dynamic wholesale<sup>1</sup>.

In 1915 the tide started to turn as farmers became generally more prosperous and the Co-op was given greater opportunities to be of service. But expansion was difficult because finances depended upon the local institutions providing the capital and the markets. Unfortunately, most of the societies were too weak to provide the basis for a growing, aggressive organization, and the leaders decided to examine other organizational possibilities. Thus, in 1916, the debate on the means of expansion began in earnest within the U.F. Co-op.<sup>2</sup> On one side were massed the forces calling for a large scale promotion campaign aimed at securing individual memberships by farmers. According to this view, a successful enlistment campaign would gain sufficient capital to maintain and to expand the U.F. Co-op; it would also allow the organization to proceed rapidly without waiting a long time for the development of numerous local associations.

The other point of view, which had been dominant when Keen drew up the original by-laws, was championed by W.C. Good during 1916 and afterwards. As early as 1915, Good had sought to put forward the notion that a sound co-operative

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1. Staples, The Challenge of Agriculture, pp. 71-72.

2. Ibid., p. 81.



wholesale depended upon well-organized local societies.<sup>1</sup> A highly centralized system, he believed, would betray the emphasis on local autonomy so basic to co-operative success. Good's enthusiasm for the Brant Farmers Co-operative, organized in 1915, had been predicated on the belief that local societies had to be first developed in reaction to local needs. Thus, the Brant Farmers society had been carefully nurtured, under Keen's direction, in response to local needs and according to the orthodox Rochdale principles.<sup>2</sup> Within the society, there was an agonizingly slow but apparently successful attempt to stimulate local initiative through frequent public meetings addressed by such farm leaders as E.C. Drury.<sup>3</sup> The task proved to be difficult, as the C.U.C. was finding out in its efforts to stimulate strong urban co-ops, but for Good, as for Keen, it was the only way: to impose from above, to dictate from Toronto, was to duplicate capitalism and to destroy the essence of co-operation.

The debate over methods to be used by the U.F. Co-op was won by those advocating rapid promotional campaigns. The opportunities seemed too attractive, the alternatives too slow and arduous, for any other result. R.W.E. Burnaby, supported by J.J. Morrison, became the master salesman for

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1. Good, Farmer Citizen, p. 102.

2. C.U.C., vol. 15, 1915 AM: file "B".

3. C.C., February, 1917, pp. 5-6.

the new approach, and he launched a successful membership campaign throughout Ontario, finding it comparatively easy to enlist farmers exasperated by the Borden government's<sup>1</sup> apparent disinterest in farm questions. In doing so, he drastically altered the U.F. Co-op from the model of it conceived by Good, Keen, and the orthodox co-operators.

Keen's opposition to the rapid expansionary program adopted by the U.F. Co-op was based on more than mere pique over the rejection of his 1914 scheme. During 1916 he was particularly aware of the failure of three sincere efforts to promote "hot-house" co-operation. In late 1913, the Saskatchewan Purchasing Company went bankrupt because it opened over a dozen branches before it had established a firm foundation.<sup>2</sup> In 1915, the National Railway Association, which started in 1912 as a multi-hundred-thousand-dollar "co-operative" chain among railroad workers, also went into bankruptcy. This collapse was particularly serious because it had been well promoted, and it had attracted large investments from railroad workers. Finally, by the autumn of 1915, the Right Relationship League--ironically considered as a possible saviour for the Union early in the same year--had been forced to introduce severe austerity measures.

It is understandable, then, that Keen looked with disfavour upon the techniques envisioned by those arguing for

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1. Good, Farmer Citizen, p. 103.

2. See pp. 153-154.

the rapid promotion of the United Farmers Co-operative. There was one other factor: during 1916, when the debate began in earnest, Keen was expressing a growing doubt about the co-operative idealism of the men leading the United Farmers movement. In July of that year he observed that:

The success up to the present is not due to any manifestation of the co-operative spirit among officials or rank and file, but to the development of quasi-political and industrial solidarity...I have the greatest respect for many of the leaders of the agricultural movement in Canada and for the sacrifices they are making in the development of class consciousness. It is their misfortunate [sic] rather than their fault that they do not know they are not co-operators although they are seeking to apply the economic principles of the Movement to their Industry.<sup>1</sup>

Keen's despair of the direction in which the U.F.O. was moving in the late war years was partly caused by the competition offered the C.U.C. by the farmers' organizations. Keen frequently offered to co-operate in any way he could with the farmers, and, in view of his frequent requests to be relieved of his financially unrewarding duties as a co-operative leader, there is no reason to doubt his sincerity. But as the United Farmers demonstrated a decreasing interest in true co-operatism, Keen thought it his duty to remain active as a spokesman for the principles of local initiative in which he believed. Moreover, the U.F. Co-op did threaten some of the newer societies that had emerged during 1914 and 1915. In 1917, the Brant Farmers Co-operative, of which

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1. Keen to Good, July 20, 1916, C.U.C., vol. 17, 1916  
AW: file "G".

Good was president and Keen secretary, was nearly destroyed by U.F. Co-op representatives who tried to talk Brant farmers into buying directly in bulk lots from their Toronto headquarters rather than from the local society.<sup>1</sup> In the same year and later, U.F. Co-op representatives followed similar techniques elsewhere, nearly destroying C.U.C. co-operatives already in existence, most notably the society in Kingston.<sup>2</sup>

Such encroachment did not threaten the existence of the C.U.C. because the Union's strongest Ontario societies--such as they were--were safely isolated in the larger towns where they served labourers. But the encroachment, along with the decision of the United Farmers to create co-operation from above, signalled the unfruitful end of the C.U.C.'s first attempt to become a part of Ontario's agrarian movement. That failure was characteristic of a wider insufficiency within most reforming movements of the times: the inability to bridge the gap of class consciousness. In particular, integrating the labour and agrarian movements was a discouraging task that overwhelmed many Canadian leaders at the time, including some who started in more advantageous positions than George Keen.

To some extent, Keen's difficulty in gaining a wide

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1. Good, Farmer Citizen, p. 102.

2. See C.U.C., vol. 132, 1919: file "Kingston Co-operative Society".

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audience among farmers stemmed from his continuing inability to accept the class consciousness of the agrarian movement. He could sympathize with working class solidarity partly because workers were more obviously exploited and partly because of his British background, but he could never be very sympathetic to the agrarian's tendency to see himself as a unique figure separated on economic and moral grounds from the remainder of the community. Keen believed that the farmer's predicament, like that of the labourers, could be remedied through direct economic action by the individual and by organizing society basically around the needs of the consumer. In advocating this point of view, Keen was fighting against one of the most prominent forces in Ontario agrarianism: the deliberate, though not necessarily cynical, attempt by agrarian leaders to convince their followers that they were, "a uniquely significant element in the provincial community...."<sup>1</sup> He paid the price for fighting that battle: for many years most of the leaders of the organized agrarian movement ignored him.

Thus, the hopes the C.U.C. and Keen had for the agrarian movement in 1914 had proved to be faulty by 1917. Caught up in the enthusiasm which would engender the electoral victory

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1. G. Kaplan, "The C.C.F. in Ontario, 1932-45", M.A. thesis, the University of Toronto, 1961, p. 313. See also Stewart, M., and D. French, Ask No Quarter, The Story of Agnes Macphail (Toronto, 1959), p. 272.

of 1919, the agrarian leadership was generally too confident and too impatient to listen to the moderating, rather pedantic voice of the C.U.C. Keen had been told as much in 1917 by Anson Groh, one of the early agrarian leaders:

A man of your knowledge and keen foresight in matters connected with real Co-Operation, of course [✓] need not be told that the movement in Ontario under the guise of Co-Operation for the farmer, is merely a political move, under a Co-Operative cloak, and from this cause will surely fail....<sup>1</sup>

One issue which symbolized the split between the C.U.C. and the Ontario agrarians was a long-standing debate over oleo-margarine. Before the summer of 1918, when The Farmers Sun came under the control of the United Farmers, Keen, through the pages of The Canadian Co-operator, engaged in frequent debate with The Sun's editor over the farmers' successful lobbying against the importation or production of margarine. After the U.F.O. assumed control, the debate continued but on a more muted level. To Keen, the position taken by the agrarian newspaper was symptomatic of the narrow class consciousness that was undermining the farmers' appeal for social and economic justice. The tirades against margarine, for example, were frequently united with blistering attacks on the appeals of labour for shorter work days and higher wages. As an example of The Sun's hostility to labour, Keen published in The Canadian Co-operator the

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1. Anson Groh to Keen, February 23, 1917, C.U.C., vol. 17, 1916 AW: file "G".

following excerpt from a Sun editorial against labour demands:

Were we persuaded that long hours render workers dull, stupid and less alert in demanding their share, we should still believe that long hours and low wages... will help bear the national burdens when the war is over.<sup>1</sup>

In other words, "dull, stupid and less alert" workers might be the price we had to pay for progress, and there should be no doubt about paying it.

Keen's reference to the agrarian newspaper in the January, 1917, issue of the Union's Journal was caused by The Sun's reaction to an editorial in favour of margarine appearing in The Co-operator in December, 1916. In the December editorial, Keen had applauded a Scottish woman who had publicly and loudly pledged to consume only locally-produced margarine for the duration of the war, thereby helping to reduce the amount of butter Britain purchased abroad. Keen had used a reference to this event in Great Britain as a launching pad for an attack on the Canadian margarine law. Keen believed that farmers who advocated protection for the dairy industry were betraying the free-trade principles so long a characteristic of agrarian economic thought. No less than industrialists who made labourers pay the price for sheltered industries, farmers, by successfully lobbying against cheap margarine, were inflicting a high cost of

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1. Quoted in C.C., January, 1917, p. 12.



living and poor health standards upon the urban poor. Nor could the farmers logically call for the elimination of margarine on the grounds that it was a danger to good health: nearly every other country in the world permitted its production, and nowhere had the use of the butter-substitute produced illnesses of any kind. In fact, margarine, according to some doctors, improved health, especially by combat-<sup>1</sup>ing rickets and other juvenile complaints. During the war, moreover, its comparative cheapness made margarine very popular in Europe, and Canadian service men used it almost exclusively.

Keen believed that the general agrarian attitude toward margarine was an especially good example of narrow, selfish, class consciousness in yet another way: there was not, he believed, any reason to think that the production of oleo-margarine would undermine the dairy industry. Canadian farmers, for example, could not produce enough butter to meet the British demand, despite the fact that the Co-operative Wholesale Society and other private organizations produced millions of pounds of margarine each year. Butter had its own permanent market that would never be lost. Similarly in Canada, farmers, though charging high prices for their butter, still sold all they wanted to produce for the home market. Thus, all that the elimination of margarine

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1. C.C., August, 1917, p. 15.

had done was to make it necessary for urban dwellers with<sup>1</sup> low incomes to do without a spread for their daily bread.

To some degree, the difference between The Canadian Co-operator and The Farmer's Sun reflected a difference in "philosophy". To George Keen and Samuel Carter, the basis of wealth was labour, not capital or "Nature". At a provincial Liberal conference in 1916, Carter, an independent M.L.A. who supported the provincial Liberals basically because of their prohibition stand, "sought to infuse into the emasculated liberalism of Canada the spirit of up-to-date British radicalism."<sup>2</sup> Carter advocated, because he believed labour to be the basic wealth producer, that there should be "a living wage fixed by law for each man in every factory and on every farm".<sup>3</sup> The Sun disagreed, arguing that Nature, "though sometimes capricious, is always a producer of wealth..." and that it would be impossible to fix the farmers wages in any event.<sup>4</sup>

Keen replied to The Sun's criticism of Carter's position by rejecting the implication that Nature created wealth and man merely plucked its fruit. To make the best of Nature's bounty, man needed to organize his labour well, not only in industries directly exploiting nature's gifts but also in

1. C.C., January, 1917, pp. 11-16.

2. C.C., November, 1916, p. 10.

3. Ibid.

4. Ibid.

occupations well removed from agriculture:

We would like to be introduced by the editor of the "Weekly Sun", on one of our Arctic winter days, to "whole villages of men who live happily and do nothing but pluck the fruits of nature". We expect to find, however, that for their happiness they have had to depend upon the services, amongst other labourers, of the bricklayer, iron-worker and carpenter as to shelter, the miner and the railroad worker as to fuel, and the weaver and the tailor as to clothing; otherwise, we know the fruitarians would soon cease to exist.<sup>1</sup>

Keen also rejected the notion that it would be impossible to establish a fixed wage for the farmers, and one suspects that his ideas in this direction were one reason why he did not make a greater impact on agrarians during the Union's early years. He believed that ultimately the contemporary agricultural problem would be resolved by fixing the wages of both farmers and farm labourers and by distributing equitably the surplus wealth they created between them:

It will in time become necessary, by private agreements, or by the decisions of industrial courts, to fix the value of the executive and manual labour of the farmer as well as of the services of the hired man to allow a fixed interest return on the capital employed, and to distribute the surplus, after making the usual contingent reservations, between the farmer and the hired man in proportion to their wages, or, in other words, in proportion to the wealth-productive service each has given to the farm.<sup>2</sup>

It would be difficult to compose a statement more unacceptable to the typical agrarian of the period, the man imbued

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1. C.C., November, 1916, p. 11.

2. Ibid.

with the sanctity of the independent family farm.

## iv

Keen's self-inflicted isolation from the agrarian movement was also demonstrated in the Union's relations with Prairie co-operators. Keen found it difficult to accept the western farmers' grain companies as co-operative institutions, and, until he did, the Union could not have access to the western agrarian movement. During the war years his attitude toward the companies was particularly costly. The demands of war were felt early on the Prairies, with the result that the Grain Growers Grain Company, the Saskatchewan Grain Growers, and the Alberta Co-operative Elevator Company grew rapidly. Had the Union been more sympathetic to them, perhaps its financial problems might have been eased.

As the western companies prospered, they began to compete in a number of areas. Rather than continue competition which could prove disastrous, the three farmer-owned businesses considered amalgamation during 1915 and 1916. These deliberations led to the creation of the United Grain Growers in 1917, an institution bringing together the G.G.G. and the Alberta Co-op Elevator Company.<sup>1</sup> The Saskatchewan organization, growing rapidly, suspicious of the leadership of the

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1. Hereafter, when desirable, the United Grain Growers will be abbreviated to U.G.G.

other companies, and jealous of its own autonomy, refused the opportunity to merge.

The creation of the U.G.G., even without the Saskatchewan organization, indicated the power of the farmers' grain companies. Yet, the Union gained nothing from the increased strength, in large part because of Keen's distrust of Canadian agrarians. The weakness of the C.U.C.'s position in Alberta, for example, indicates how costly was Keen's narrow view of co-operation. Despite cordial exchanges, notably with P.P. Woodbridge of the United Farmers of Alberta, the Union made no real effort to take advantage of the intensive co-operative developments stimulated by the United Farmers of Alberta. As in the cases of the G.G.G. and Saskatchewan Co-operative Elevator Companies, the Union took a dim view of the U.F.A. leadership, believing that few if any of its leaders had "any vision<sup>1</sup> of co-operation in the comprehensive and social senses." As a result, no concerted effort was made prior to the 1920's to enlist the support of any of its leaders. As far as Alberta was concerned, the Union would choose pride and the dignity of purity before it would scamper after prosperity with the U.F.A.

On the other side, even the most sympathetic of the leaders of the U.F.A had his reservations about the C.U.C.

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1. Keen to T.W. Edwards, May 8, 1917, C.U.C., vol. 18, 1917 AI: file "E".

Woodbridge was always attracted to the Union's efforts, probably because of his British co-operative background, but he was just as consistently concerned about protecting his own organization. In his view, the co-operative stores and the U.F.A. must exist in harmony or the former should not exist at all. The reason for his concern was the Eckville society which had proved to be so successful that it had drained enthusiasm and members from a nearby U.F.A. local; in fact, it had eventually destroyed the older farmers' organizations. Obviously, Woodbridge was opposed to this type of development because it would ultimately destroy the parent U.F.A. organization which both employed him and helped numerous farmers.<sup>1</sup>

Woodbridge also believed, in contrast to the view taken by the Union's executive, that it was important to make the farmer realize that "the cooperative store is not everything ...."<sup>2</sup> Thus, while the U.F.A. was directly responsible for the most progressive legislation for co-operative stores in Canada, it was not anxious to press their development in 1913 and thereafter. Woodbridge took a different but equally idealistic course to that of George Keen: to him the store was the materialistic side of the co-operative movement because it appealed frankly on the basis of the dividend.

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1. P.P. Woodbridge to Keen, April 19, 1913, C.U.C., vol. 12, 1913 MY: file "U".

2. P.P. Woodbridge to Keen, April 30, 1913, ibid.

Stores, moreover, were very risky businesses, much more so than marketing co-operatives. He maintained that the stores established by the Grange during the 1870's proved his point: founded on materialism and enthusiasm, they soon withered because the farmers expected too much too quickly from them. In a curious reversal of the Union's approach, he believed that stores should come after citizens had learned the value of co-operation in other fields. Otherwise, inadequately prepared farmers would experiment with an institution beyond their capabilities, inevitably fail, and leave the movement forever.<sup>1</sup> Thus, in the evolution of the Co-operative Commonwealth, he believed, the co-operative store would come near the end of the process and not at the beginning.

This conflicting view of how co-operation should develop, the continuing financial weakness of the C.U.C., and George Keen's suspicions about the western leadership were the main reasons for the lack of an organized movement in Alberta under the Union's guidance. Despite these problems, P.P. Woodbridge, in 1915, made a strong effort to involve the Union in the provincial movement. He wrote asking for six hundred copies of The Canadian Co-operator to distribute to Alberta co-operators and enquiring why the grain companies

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1. P.P. Woodbridge to Keen, April 30, 1913, ibid.

of the West were not affiliated.<sup>1</sup> After sending him the copies of The Co-operator, Keen stressed once again the necessity for member societies to follow true co-operative principles. Despite the Union's difficulties, Keen could not accept the western organizations because they did not distribute patronage dividends, pay low interest rates on capital, or emphasize service at cost. Thereafter, until the twenties, there was little correspondence with the leaders of the Albertan farm movement.

Meanwhile, relations with the Grain Growers Grain Company remained consistently, if platonically, good. Keen and G.F. Chipman corresponded frequently, and Chipman was partly responsible for the affiliation of the Winnipeg Co-operative Society, the Union's first Manitoba society.<sup>2</sup> Like the other Prairie societies, it was an indifferent affiliate until it withdrew in 1916, but at least it did help to make the Union known. Similarly, Chipman encouraged the affiliation, in 1915, of the Regent Co-operative Exchange in the south-west part of the province. This organization was one of many collective buying agencies that emerged among the farmers of western Canada in the early

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1. P.P. Woodbridge to Keen, March 31, 1915, C.U.C., vol. 16, 1915 NY: file "W".

2. The Winnipeg society developed from agitation within labour circles, some of it sparked by former members of the Grain Growers movement who had been influenced by articles written by Keen for The Guide. See correspondence between Keen and G.H. Blackwell, C.U.C., vol. 6, 1910 AZ: file "B" and vol. 9, 1912 AL: file "B".



twentieth century, and it never operated a store or maintained a warehouse.<sup>1</sup> It remained a member, albeit an un-enthusiastic one,<sup>2</sup> until 1922.

The collective buying technique was viewed with considerable enthusiasm by Chipman who saw it as an excellent way to introduce the farmer to the merits of co-operation. By pooling their orders for such staples as binder twine, farmers would save themselves a considerable amount of money while preparing themselves for more involved types of co-operative activity. Keen, before the 1920's when he had direct experience with agrarian bulk buying projects, could not agree. To him, collective buying could give only temporary advantage to the consumer because it did "nothing<sup>3</sup> whatever to solve the problem of economic oppression...." It divided with the capitalist the profits made possible by modern distributive methods, but it served to build up the capitalist system without training people in the value of production for use. The only way Keen thought collective buying might be useful was through the allotment of a stipulated percentage of profits made to a reserve fund. As the fund grew, more serious co-operative efforts might be

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1. Keen, "General Report as to the Operations of the Societies", und., C.U.C., vol. 204, Misc. Correspondence, 1920-1922: file "1922".

2. It was expelled in that year for not paying dues. C.U.C., vol. 139, 1922 LW: file "Regent (Man.)".

3. Keen to Chipman, April 11, 1914, C.U.C., vol. 13, 1914 AC: file "C".

undertaken, such as the establishment of a traditional co-operative store. He even suggested that if such a scheme could become general and large sums could be collected, then farmers could unite in sponsoring their own manufacturing concerns; within the protection provided by tariffs and the security insured by their own markets, the farmers could quickly undertake the production of their own tractors and combines. But before such developments could take place, the western farmers had to realize that they were, above all, consumers, and then they would be able to make significant progress.

In his letters to Chipman and on the pages of The Canadian Co-operator, Keen tirelessly reiterated the notion that farmers must cease seeing themselves as potential capitalists seeking to profit by controlling the production of foodstuffs.<sup>1</sup> Rather, they must regard themselves as being in the same position as urban workers, exploited by the same interests, ignored by the same governments, and dreaming of the same Commonwealth.

These academic arguments about the ultimate validity of the collective buying approach and about whether or not the farmer was a capitalist or labourer, were indicative of the Union's role within the co-operative activities of the

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1. Keen to Good, June 25, 1916, C.U.C., vol. 17, 1916 AW: file "G". See also C.C., June, 1916, p. 5. For an example of letter reiterating the same point to Chipman, see Keen to Chipman, April 11, 1914, C.U.C., vol. 13, 1914 AM: file "C".

G.G.G. Chipman in particular enjoyed debating with Keen about the theoretical side of the movement, but, in the company's search for pragmatic methods, the Union's voice had little influence. The company had few preconceptions and was seldom concerned about its orthodoxy as long as its methods had the desired results. And, during the war years, there was little doubt that the methods were beneficial. Expansion continued,<sup>1</sup> the G.G.G. united with the Alberta Farmers Co-operative Elevator Company, and the price of a bushel of wheat hovered near the three-dollar mark.<sup>2</sup> In none of these developments did the Union play a role, and from none of them did it derive any direct benefit.

## v

The Union's major accomplishment in the difficult years of 1915 and 1916 was its own survival. In those years it fell back on its ultimate defences: Keen's faith in co-operatism's importance and his belief in the techniques of mystic co-operation. Of the Union executives, he alone remained enthusiastic, and, single-handedly, he undertook most of the work done during the two years. Keen was encouraged in his stubborn insistence on the Union's continuation by three factors, essentially the same factors that

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1. See W.A. Mackintosh, Agricultural Co-operation, pp. 56-57 and pp. 76-77.

2. V.C. Fowke, The National Policy and the Wheat Economy (Toronto, 1957), p. 169.

had reassured him in 1914: the movement was still attracting considerable attention; the war provided a reason for remaining active; and he received an encouraging response to his efforts on behalf of Brantford workers.

Co-operatism's continuing popularity was demonstrated by the fact that Keen and his secretary were continuously kept busy by the correspondence they received. Keen never had sufficient time to meet all the requests for speaking engagements that he received in those years, and he was constantly preoccupied with advising numerous groups in various stages of the organization process. This continuing interest is explained by the depression that lasted into 1915 in some regions and by the war which created major problems for the wholesaling and retailing businesses of Canada. For one of the few times in her history, the nation's patterns of consumption were seriously disrupted, and Canadians hesitantly looked to co-operation as a possible way of resolving their difficulties.

The war not only aided the movement by creating problems in the traditional methods of distributing consumer goods; it also provided a major reason for Keen insisting that the Union continue. During 1915 and 1916, Keen became disgusted with the "penetentiary type of ethics" that prevailed<sup>1</sup> in Canada's political life and undermined its war effort.

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1. C.C., April, 1916, p. 3.

With a deep sense of outrage, he attacked the politicians in charge of the nation, arguing that the struggle to purify the national life was at least as important as the contest with the Kaiser. And, certainly in 1915 and 1916, there was ample proof of wide-spread corruption in Canadian public life, including several examples of profiteering in the armament industry, charges of fraudulent activities against B.C. cabinet ministers, scandals in Manitoba over the construction of the legislative buildings, and the retirement of a Maritime premier because of proved charges of malfeasance.

But for Keen, the greatest scandal was the relatively quiescent way in which most Canadians reacted to these disclosures. He could only conclude that most of his fellow citizens were victimized by their environment and expected politicians to act in a corrupt manner. The only way this sad state of affairs could be changed--and this is why the Union had to continue despite its problems--was through the growth of co-operative idealism and institutions. Nowhere, he believed, was integrity and self-sacrifice better demonstrated by leadership groups than in the developed co-operative movements. In Great Britain, for example, the directors of the Co-operative Wholesale Society had never encountered a serious scandal despite the fact that each was paid annually the pittance of \$2,000 to supervise, on a full-time basis, productive and commercial activities of

over \$200 million and banking transactions of about one billion dollars per annum.<sup>1</sup> Until Canada developed such men in her leadership groups, she would possess an essentially evil society in which the weak were plundered by the strong.

W.C. Good, on the periphery of the Union's activities during the war period, agreed that the war had revealed basic ills in Canadian society. He was particularly concerned about the development of Canadian militarism, believing that it threatened to reproduce the "Prussian system" in Canada. He described his attitude as follows:

Under the plea of "military necessity" even now freedom of speech is practically no more. A class is now in existence which panders to and profits by the war spirit. When the war is over will come the testing time, and we shall see whether or not we have enough courage and independence to preserve the liberties that our forefather's died for, those liberties which are Britain's glory and her just claim to greatness.<sup>2</sup>

This anti-militaristic attitude of Good influenced Keen during the war and became a feature of C.U.C. policy during the 1920's and 1930's.

The war, therefore, in 1917, as in 1914, presented a challenge to the Union's leaders because they saw it as the inevitable result of competitive instincts and of grasping capitalism. Co-operation presented the only real alternative

1. C.C., April, 1916, p. 4.

2. Good to The Editor, The Farmers' Advocate, "about 1917" (estimated by Good), Good Papers, Public Archives of Canada, vol. 16. Hereafter, footnote references to these papers will be abbreviated to G.P.

to the existing system, and the Union had to be continued so it could assist in the task of building both a better Canada and a better world order.

## vi

One successful way the Union executives found to express their ideas in 1915-1917 was through involvement in public affairs. Samuel Carter continued to be as active politically in Guelph as he had been in 1913 and 1914; George Keen became even more active. By 1915, Keen was a prominent leader of Brantford workers in their struggle against the people who had the most power in the city. Keen devoted considerable time to helping the workers because he believed that:

The trouble in a small city of 25,000 people such as this is that people of prominence are socially and commercially interlocked, besides which the descendents of the people who struck the city when it was nothing but an Indian village have so inter-married and got in on the ground floor in real estate values and industries that there is a strong community of interest among them as against the ambitions of the toiling democracy settling here within recent years.<sup>1</sup>

To overcome such a group, Keen believed it essential that workers learn about the potential strength of self-help movements. Thus, he tried to incite Brantford's workers to organized action on their own behalf. One of his campaigns--against inoculations for small pox--in retrospect

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1. Keen to C.L. Boring, C.U.C., vol. 13, 1914 AM: file "B".

assumes rather ludicrous proportions:

In this city social neglect contributed to the danger of zymotic diseases. In order to make profit for a few individuals the purlieus of Constantinople and other southern European and Asiatic cities have been emptied in our midst. Dwelling houses have been overcrowded by people not conspicuous for cleanliness, whose habits of life have not been the subject of close supervision. To make matters worse, there is no municipal bath accomodation which one will find in almost any town in the old country of the size of this city; accomodation which may be used by everybody for nominal charges. It is not our practice to submit to conditions of life which will develop infectious diseases, and all the public authorities have to suggest in the way of a remedy is to introduce a disease of animals into healthy non-infected human beings.

Many thousands of highly respectable citizens in the grand old land of individual liberty have submitted to persecution and imprisonment rather than tolerate these legalized assaults upon their children. It seems to me that an anti-vaccination society should be organized to resist this threatened oppression and give some idea of the metal of a British subject.<sup>1</sup>

Despite such lapses, Keen's efforts were widely recognized in Brantford by the early war years, and, in 1916, he was elected an honorary member of the Brantford T.L.C. and was appointed that body's representative on the city's Special Committee on the High Cost of Living.<sup>2</sup> The appointment was a natural one because of his position in the consumer movement and because of his articles on consumer affairs published in various labour newspapers.<sup>3</sup> The committee served

1. Memorandum, without title, und., K.P., vol. 1, file "1915".

2. Keen to A.G. Brown, December 5, 1916, C.U.C., vol. 17, 1916 AW: file "B".

3. Especially in The Brantford Free Press and The Hamilton Labour News.



as an ombudsman for consumers, a task that sorely needed undertaking in Brantford (and elsewhere) during World War One. Every Friday night the committee heard complaints from Brantford citizens about the distribution of goods and services. Because he had greater knowledge of marketing than anyone else on the committee, Keen became the resident expert in investigating complaints about retail distribution. His enquiries into the sale of butter and constant requests for the sale of margarine led Keen to start the already-discussed campaign for the sale of coloured margarine.

In his work for the High Cost of Living Committee and for the Brantford T.L.C., Keen was forced to stress the importance of government supervision of the economy. The Canadian co-operative movement was not sufficiently developed to provide any real protection, and the demands of the war were so great that instant action was needed. But governments had to be forced into action, and so Keen played an important role in drawing up a petition from the Brantford T.L.C. to the municipal authorities.<sup>1</sup> The petition demanded the more efficient distribution of consumer goods through the elimination of competitive services, the limiting of profits on the sale of necessities, and the eventual establishment of municipal stores, coal yards, and bakeries. The petition, reflecting Keen's own views, also called upon

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1. For a copy of the petition, see C.C., November, 1916, pp. 5-8.

the municipal authorities to demand the creation of a federal co-operative government, unconcerned about party affiliation, and consisting of representatives from all economic groups in the nation.

The petition, furthermore, asked the city's leaders to demand a series of economic reforms from the federal government, including: the removal of tariff barriers on food produce so that consumers could buy at the cheapest price; the legalization of margarine; the establishment of fixed prices on such essential foodstuffs as wheat; the close regulation of coal prices; and the seizure of foods placed in storage for purposes of speculation. Some of these demands were met by the federal government shortly after this petition was drawn up, and to that extent, the petition indicates attitudes commonly held within the country. But the emphasis of the petition was on municipal, not federal, action; it wanted the federal government to encourage local authorities to organize the war effort, thereby reflecting George Keen's ideas on the importance of local action.<sup>1</sup> Because of the unsuccessful agitation for a federal co-operative bill and the voters' defeat of sanity in 1911, he had been convinced that local initiative alone could lead to the Co-operative Commonwealth. Similarly, a sound

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1. See editorial accompanying petition. C.C., November, 1917, p. 9.

war effort, organized efficiently and involving all citizens, had to be developed by local leadership; the most that could be hoped for from the central government was honest, non-partisan leadership that would facilitate, not hinder, the national effort.

When the petition failed to stimulate action by Brantford's elected leaders, Keen was responsible for another petition from the T.L.C., this time to the Governor-General. This petition repeated some ideas from the earlier one and demanded the creation of a business government made up of the most efficient businessmen and labour leaders in Canada.<sup>1</sup> The T.L.C. did not ask for the formation of a coalition government because it and Keen believed that partisanship would continue under such an arrangement; rather, it demanded a type of meritocracy so that Canada's future would be taken out of "the hands of unexperienced professional politicians."<sup>2</sup>

The petition was not taken seriously, and it was soon dropped as another cause lost before it began. The petition was of some importance, however, because it indicated the disillusionment of Brantford labourers in general and George Keen in particular. The existing system was not meeting the

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1. For copy of petition, see C.U.C., vol. 17, 1916 AW: file "B".

2. Keen to D. McLean, February 5, 1917, ibid., vol. 19, 1917 JY: file "M".

needs of the time, as they saw them, and in their haste for action even the most august of political institutions could be radically changed. The working-men were becoming steadily more aggressive in their demands, and from this aggression would later come the positivism of the local Progressive movement.

The first political manifestation of militancy among the labourers was the Independent Labour party.<sup>1</sup> Brantford workers had been contemplating independent political action as early as 1911, and, during the war, as the Liberal party disintegrated and labourers became aroused as never before, the idea of a workers' party became increasingly attractive.<sup>2</sup> By 1915 Keen was involved in the planning for the new party, and, by 1917, conditions seemed suitable for its launching. Keen became very active as the new party emerged, and he assisted in the preparation of the platforms for both the local and provincial organizations.<sup>3</sup> He was a member of the committee which organized the party's first local meeting in June, 1917, and he was responsible for the selection of that meeting's speaker, W.E. Gilroy, a Congregational minister from Hamilton.

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1. Hereafter abbreviated to I.L.P.

2. See K.P., vol. 1.

3. Keen to W.E. Gilroy, June 29, 1917, C.U.C., vol. 18, 1917 AI: file "G".

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Following the meeting, which was very successful, Keen supervised the publication of the new party's platform. In its final form, the platform called for the granting of free tuition to all students in government-supported schools; the ownership of utilities and natural sources of wealth; the nationalization of banking and credit system (perhaps reflecting the ideas of W.C. Good); increased taxation to eliminate unearned increments; proportional representation; the repatriation of the constitution; and a variety of social welfare measures. Such platform planks were echoes of the demands put forth, almost on a monthly basis by Keen in The Canadian Co-operator, and they formed what Keen thought were standards needed to make possible active, self-reliant participation by workers in every-day affairs. They were also beneficial for the development of the co-operative movement and, as such, were the political effects of a co-operative cause.

Keen further helped the party locally by participating in a series of its public programs. In June, 1917, he made several successful speeches for the party and was a Brantford delegate to a Hamilton meeting of various Labour parties. In July, he played a prominent part at an I.L.P. meeting at which Miss Laura Hughes, a British Labourite, gave the

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1. Keen to W.E. Gilroy, June 29, 1917, C.U.C., vol. 18, 1917 AI: file "G".

major address.<sup>1</sup> Because of these activities, he was again offered the Brantford nomination for a forthcoming federal election, but, because of his official neutrality as a co-operator, he refused, and the nomination was offered to W.C. Good; Good, after careful consideration, also turned it down because of the problems he was encountering in operating the family farm.<sup>2</sup>

The party then turned to Henry McBride, a city alderman and vice-president of the local Conservative organization. Keen was deeply disappointed, partly because he distrusted McBride and partly because he had hoped for a candidate free of ties with the older parties. Although not a supporter of any serious class warfare concept, Keen believed that the I.L.P. had a role as the political voice of workers. Believing that the Conservatives and Liberals in reality represented the same capitalist interests, he was convinced that labourers had to have their own independent voice. In choosing McBride, the workers had simply provided for the continuing domination of the old sources of power. To make matters even worse in Keen's view, McBride was a poor representative of the old order:

He has no grasp of social questions at all, nor does he take politics seriously. He is superficial in his outlook, and what is known as a "good mixer"; just the kind of man calculated to enthuse the unthinking.<sup>2</sup>

1. See ibid., vol. 18, 1917 AI: file "G".

2. Keen to Gilroy, November 27, 1917, ibid.

Keen was so chagrined at the outcome that he refused to work for any party in the 1917 election, despite the relatively lucrative offer of the Liberals for his journalistic services. As he put it, the "compensation would be useful, but it would be at the sacrifice of consistency."<sup>1</sup>

Keen maintained his general enthusiasm for the I.L.P. despite the turn of events, and he participated in its activities, though on a reduced level, until the late twenties. The party, along with the Progressive movement that, in part, grew out of it locally, were acceptable political movements to him because they were obviously grassroots developments which emphasized self-help. They were also oriented toward issues rather than toward party. They were also moralistic, even utopian, and apparently democratic as opposed to clique-ridden. Moreover, Keen was sympathetic to their emphasis on moderation and gradualism: neither movement was enthusiastic about extensive government control, and neither movement called for the complete revolution of the existing order; in short, both could be placed within the co-operative tradition.

But for George Keen--and, to a lesser extent, Samuel Carter--politics were becoming steadily less important; increasingly their main concern was the co-operative movement. A decade of study had convinced Keen, in particular, that

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1. Keen to Gilroy, November 27, 1917, ibid.

Owen--significantly, not Marx--was right and that political structures merely reflected the economic and social realities of the society they served. Politics, after all, affected only a few human activities, especially in Canada, where government intervention customarily aided only the prosperous. Moreover, traditional political life was dominated by partisanship, that bane of reasonable discussion, and it was seldom capable of taking wider, statesmanlike views. It was far better, then, to remain aloof--except for genuine grass-roots movements--and to devote one's time to the social forces that were significant; it was far better to be concerned with improving patterns of consumption, with uplifting farmers and workers through education, and with demonstrating how local initiative could still produce a better life in a steadily more complex world.

## vii

Fortunately, Keen's disenchantment with politics coincided with the Union's return to relative prosperity: the annual statistics for 1917 revealed that the reporting societies once more had gross sales of over one million dollars, the first time that land-mark had been reached since 1913. Nearly all societies made substantial increases in 1917, with the British Canadian in Sydney Mines being the leader: it nearly doubled its sales to achieve a gross total of



\$555,000.<sup>1</sup> There were more than 4,500 members in the reporting societies, representing about 23,000 people if their families were included. Only three societies--all isolated in western Canada--failed to report, and Keen was not even certain that they were still in existence.<sup>2</sup> This relatively good response to the Union's call for annual statistics was in itself an indication of improving times.

In 1917, too, Keen became busier than ever. Organized labour was becoming more militant and the Union to some extent profited from its militancy. Labour leaders advised their followers that huge profits were being made on consumer goods, as much as 40 percent on butter, 107 percent on cheese, 50 percent on eggs, and 130 percent on beef.<sup>3</sup> While most labour leaders looked to government action as a way of removing these abuses, a few, especially in local trades and labour councils, thought co-operation might be an answer. These latter leaders knew that the European co-operative movements had been strong enough to compete with private traders and manufacturers and had been able to keep prices at reasonable levels during the war; perhaps a Canadian movement could play the same role if it was developed rapidly enough.

Keen spent considerable time in 1917 and 1918 addressing

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1. C.C., July, 1918, pp. 6-7.

2. Ibid., p. 3.

3. C. Lipton, The Trade Union Movement, p. 167.

meetings in labour temples throughout Southern Ontario. Most of these meetings were successful, and societies emerged--although some not until 1919--in Gananoque, Georgetown, Kingston, Hamilton, and Stratford. These new blossoms in the co-operative garden seemed to indicate a return to the more positive days between 1910 and 1912.

In 1917, also in response to the growing interest of trades unionists, Keen began to move personally outside of Southern Ontario. This development was limited, of course, because the Union had no funds available for transportation and new societies seldom did either; but he did arrange for two trips in that year, one to the Maritimes and another to Northern Ontario.

Keen made the Maritime trip during the late spring of 1917, and he was particularly impressed with Sydney Mines and with its manager, W.C. Stewart. On April 6, 1917, Keen was the key-note speaker at a co-operative conference sponsored by the British Canadian, and his speech, enlivened by a "magic lantern slide demonstration", was a great success.<sup>1</sup>

Keen, in turn, was greatly impressed with Sydney Mines because he saw co-operation there as he always envisioned it: dynamic, faithfully supported by workers, cautiously-operated, and ethically concerned. He saw a society whose annual sales were exceeding the half million mark, whose

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1. Program, C.U.C., vol. 18, 1917 AI: file "B".

membership numbered 1,220, and whose members averaged an investment of over \$75 each. He saw a society that was declaring a dividend of between ten and twelve percent consistently, and a society which had expanded its operation each year from its inception. Throughout his career, and despite the successes co-operatism later achieved on the Prairies, Keen would always look upon the Sydney Mines society as the standard by which others should be judged.

In July, 1917, Keen travelled north to Cobalt and North Bay to help miners and railroad men organize stores. He made urgent appeals for the support of unionists in both towns, pointing out how mutually profitable close collaboration between the two movements had been in Great Britain. He stressed the importance of loyalty, good management, and adequate capital in the development of the stores, even telling the secretary of the already partly-organized Cobalt society to resign if he did not make regular purchases at the store.<sup>1</sup> Keen's work in Cobalt had good immediate effects, and the capital needed to develop a fully-fledged store was found. He had less success in North Bay, where railroad men were reluctant to invest because of unfortunate experiences with the National Railway Association. Nevertheless, Keen's visit did keep the project alive and did help in the difficult task of collecting the necessary funds.

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1. C.C., August, 1917, p. 12.

More importantly, the excursion to Northern Ontario, along with the journey to the Maritimes, marked the beginnings of the Union's serious involvement with the movement outside of Southern Ontario.

## viii

The spurt of interest in co-operation that emerged in 1917 and 1918 is best explained by anxiety over war profiteering. Another development, partly emanating from the same source, was the federal government's introduction of an excess profits tax. When the War Tax Act was introduced in September, 1917, no mention was made of the treatment that would be afforded co-operatives under its provisions, and it was assumed that co-operatives would be taxed in the same way as private businesses. Keen wrote immediately to the Department of National Revenue seeking clarification as to how the co-operatives would be treated.

R.B. Law, solicitor to the Income Tax Branch of the Department of National Revenue, informed Keen that the general assumption was correct and that co-operatives would be taxed like any business; dividends and reserves would be taxed the same as profits, and no privileges would be afforded to the

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1. For the voluminous correspondence on the income tax issue in 1917, see C.U.C., vol. 18, 1917 AI: files "D", "F", and "I". The abbreviated account presented below is taken from this correspondence.

co-operative efforts of labourers, fishermen, or farmers. Keen responded with a long series of letters pointing out that co-operatives were simply the formally-organized pooling of orders for necessities; just as four men were not taxed for the savings they made by purchasing supplies jointly, so groups of consumers should not be taxed on savings made through buying groceries collectively. In justifying his appeal, Keen relied upon a series of favourable judgments from British courts to show that both liberal and conservative British judges had long upheld the right of co-operatives to be exempt from taxation.

By November, 1917, Keen had won his case. Having been submerged by letters from the Union's secretary, R.B. Law agreed that co-operatives should be exempt from taxation. His decision would be partly overruled in 1919, but it represented a major victory in 1917. By saving co-operatives thousands of dollars, it demonstrated concretely how useful the Union could be to the Canadian movement, and it helped to stir Keen's slowly growing hopes for the C.U.C.'s future. Early in the new year, when Keen received a harsh personal blow, the success of the agitation for exemption would be one of his few surviving triumphs.

On February 1, 1918, George Keen received a telegram informing him that the Dominion Permanent Loan Company, the

organization for which he worked, had gone into bankruptcy. Keen had worked for Dominion Permanent for ten years following four years employment with the Empire Loan Company.<sup>1</sup> During those years he had travelled widely in southwestern Ontario selling debentures and inspecting debenture agents. He had not had any warning of the company's poor condition because its balance sheet, certified by its chartered accountants, had, for the preceding ten years, shown a progressively improving condition. But the company had been investing too heavily in unstable securities, and the end came with remarkable suddenness and with considerable suspicion being reflected on the company's leadership. One of the company officers was charged with conspiracy, but his ill health and eventual death ended any close examination. The other important men involved were similarly excused from an investigation because of their deaths. Keen, very bitter about this failure in the capitalist system, always suspected that the government had not carried out its duty with regard to the failure, and he explained this dereliction by the involvement, in the company until 1917, of a recently appointed senator and a Manitoba cabinet minister.<sup>2</sup>

Keen's loss of a job posed a serious problem to the

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1. Keen to H.S. Ross, February 5, 1918, C.U.C., vol. 21, 1918 LY: file "R".

2. Ibid.

Union in that it was difficult for him to find another position which would allow him to devote so much time to the movement. Similarly, it would be difficult for him to secure employment that would permit him to travel and advise struggling societies. At first he was tempted to seek a new position in journalism, his work as editor of The Canadian Co-operator having given him a good reputation and considerable experience.<sup>1</sup> His preference, however, was for full-time employment, even at a low salary, within the co-operative movement. The question was whether or not the movement could afford to support him on a full-time basis. Carter and the other leaders of the Guelph society, easily the strongest organization in Ontario, were very pessimistic. In fact, Carter was completely discouraged about the future of co-operation. In a letter to Keen he wrote:

...I think it would be unjust to you to encourage you to risk so much by giving your whole time if I could not give you more help. I think I should resign the nominal presidency of the Co-op Union. To be frank from the past experience & the abnormal conditions of the present I do not see how we could make it a success. I will be glad to do what I can personally but I do not see the slightest prospect only amongst the farmers.<sup>2</sup>

Keen looked at the question differently. He did not believe that the failures of so many societies in any way damaged the future prospects of the movement. Many societies

1. Keen to J.F. VanLane, February 6, 1918, C.U.C., vol. 21, 1918 LY: file "v".

2. Carter to Keen, April 23, 1918, C.U.C., vol. 20, 1918 AK: file "C".

had failed in England before success had been achieved, and the same was true in Nova Scotia before the British Canadian marched to prosperity.<sup>1</sup> The Union, moreover, had more than proved its value to the member societies. The Canadian Co-operator was well received throughout the Canadian movement, and, in preceding years, Keen had launched successful campaigns on behalf of member societies. He had also been encouraged by the recent increased interest in the movement and by his then successful negotiations with the Department of National Revenue.

The future of the Union and Keen's possible full-time employment were debated for two months. Finally, at an executive meeting in Hamilton on April 27, 1918, it was decided to take a chance on a completely organized Union with a full-time employee. The Union was to have a budget of \$1,800 per annum, enough money, it was hoped, to pay Keen an adequate salary and to provide all the services needed by the national movement. An original fund of \$1,000 was collected, partly from member societies and partly from private citizens, notably a hesitant Samuel Carter.<sup>2</sup> Most of the finances for the reorganized Union, it was hoped, would come from the new societies starting to become numerous in

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1. Keen to Carter, April 12, 1918, ibid.

2. Keen to Fiske, Grain Growers Association, May 11, 1918, C.U.C., vol. 20, 1918 AK: file "F".



Canada as the war drew to a close. These new societies would pay a relatively small fee to the Union, but a fee large enough to cover Keen's salary for the time he was involved in helping to launch each new organization. To aid Keen in stimulating the creation of new societies, an organizational committee, called the Organizational Board, was established, including Keen and four others, notably Carter and W.C. Good, the president of the Brant Farmers Co-operative.

The decision to undertake this expansion was a remarkable act of faith. The Union had been organized for nearly ten years and yet had not made much of an impact. Aside from the strong societies at Guelph, Glace Bay, and Sydney Mines, there were few centres of potent co-operative enthusiasm. Within the ten years of its existence, moreover, the Union had been associated with more unsuccessful than successful societies. It had not succeeded in becoming a significant part of either the agrarian or the labour movement. Thus, it was a decided gamble for Keen who was nearing forty-nine years of age and who had other, more secure, alternatives for employment. In the final analysis, only an unshakeable faith in the ultimate success of the movement could make such a gamble possible; only a deep conviction that the Co-operative Commonwealth was inevitable allowed the Union leadership to grasp sufficient hope to re-organize the institution.

## CHAPTER SIX

### SUDDEN SUCCESS AND FRUSTRATING COLLAPSE:

#### FROM THE REORGANIZATION OF 1918 TO THE CONGRESS OF 1921

...it may be asserted that the future of the co-operative movement in Canada was never so promising as it is at the present time. Throughout the Dominion there has been great activity among farmers along co-operative lines for some years past, and the same is steadily increasing in volume, but usually they lack interest in the principles of the movement or regard it as little more than a valuable means of securing personal or class advantage. Organised labour is now taking similar interest therein, appreciating that, without organisation as consumers, organisation as wage-earners is of little value to them. The trades unions are materially assisting in the organisation of societies and as the outlook on life of their members is less individualistic than that of the land owning and self-employed farmers, a more comprehensive appreciation of, as well as deeper attachment to the principles of the movement may be expected.

George Keen,  
"Co-operation in Canada", undated memorandum,  
C.U.C., vol. 22, 1919 AK: file "C".

The greatest enemies of the Co-operative Movement are those who essay to apply its principles but fail conscientiously to do so. If the principles are properly applied success is virtually assured. Failure in application is generally construed by the public as failure of the principles.

George Keen,  
C.C., January, 1922, p. 8.

Keen's decision to become a full-time Union employee, a decision that contained some risk for him, marked a turning-point for the Union. It had passed beyond mere amateurism and was becoming an independent organization. It passed into this stage while Canada was undergoing rapid changes, changes which would both help and hinder the cause of co-operation. In the short run, the positive side of the changes were more important. World War One came to an end shortly after the reorganization took place, and its termination unleashed considerable enthusiasm for reform movements generally. Trade unionism flourished in Canada as never before, and, in a single year, 1919, union membership rose over fifty percent to 378,000.<sup>1</sup> This growth and the resultant self-confidence were reflected in an increased interest in co-operation throughout the labour force. Similarly, the agrarians, their loyalties shaken during the war, their fears aroused by increasing urbanization, and their position enhanced by a few years of prosperity, were on the march; among their weapons was an increasing reliance upon economic co-operatism.

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1. C. Lipton, The Trade Union Movement, p. 185.

The Union executives, like many other Canadians, sensed the dawning of a new age in late 1918 and early 1919. And, in the new age, they thought co-operation would play its role in ensuring more equitable economic and social systems. This sense of utopianism helps to explain why the Union became aggressive and why it found a wide audience in the years immediately after the war. Despite devoting all of his time to C.U.C. affairs, Keen still maintained a busy schedule meeting the needs of labour and farmer groups anxious to reform Canadian life. For a while, it seemed as if co-operation had a chance to become a dominant word in the new climate of opinion apparently developing in Canada.

To a large extent, too, the expansion of the co-operative movement after the war was based on the inflation that continued until about 1920. The inflation forced the prices of consumer goods up and quickly fomented consumer unrest,<sup>1</sup> while the steady gains of trades unionism made organized protestation possible and desirable for some labourers. The result of the confluence of these two forces was the growth of co-operative institutions under the guidance of local trades and labour councils. Similarly, the growth of co-operative sentiment among farmers was a reflection of the desire to protect the prosperity they had won during

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1. The cost of living index rose from a pre-war level of 14.27 to 26.87 in 1920. Quoted from The Labour Gazette in The Canadian Annual Review, 1922, p. 520.

the war. Then, as in the past and in the future, co-operation appealed most to the moderately prosperous, and, for most of its supporters, it was a defensive weapon not an agency for total revolution.

As the opportunities unfolded in 1918 and 1919, the Union was working on two main problems: the development of co-operation in Southern Ontario and the integration of whatever co-operative forces there were scattered across Canada. The emphasis on Southern Ontario was a natural and unavoidable one. The Union lacked the resources to finance many trips for Keen to other regions, and Southern Ontario with its wealth and population seemed to possess considerable potential. Keen, moreover, was a particularly stubborn man who would not admit that the failures of the past were reasons for discouragement about the present.

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Rather surprisingly, during late 1918 and early 1919, it did not appear as if it would be necessary to send Keen outside the province to gain national unity because, spontaneously, co-operators in other regions began to seek out the Union. In the past, British Columbia had not produced a movement capable of giving much strength to the Union, and the attitude of those societies that did affiliate was summed up in 1916 by the secretary of the Nanaimo society:

We are afraid that the Union is of very little use to us at present, we have supported it in the hope that it would eventually become a strong factor in co-operative Work, but evidently the support in the East is not great, and you can hardly expect it to be so here, as we should have to have a Branch at the Coast before it could be of service to us.<sup>1</sup>

And Nanaimo was the most loyal B.C. affiliate: it remained a member while the other societies--Merritt, Ladysmith, and New Westminster--all departed.

Suddenly, shortly after the war, the picture abruptly changed as British Columbia shared in the general Canadian interest in co-operation. In 1919, eighteen stores were started in the province to serve consumers--a marked increase from the normal three or four started in each of the previous five years.<sup>2</sup> While the C.U.C. did not attract all of these societies, it did manage to affiliate some of them, including those located in Fernie, Port Moody, Kamloops, Dawson Creek, Revelstoke, and Natal.<sup>3</sup> None of these societies was very large, the aggregate of their retail trade being only about \$300,000 per year,<sup>4</sup> but they did seem to offer

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1. G. Wilken to Keen, June 15, 1916, C.U.C., vol. 17, 1916 AW: file "W".

2. W.J. Bonavia, "Co-operation in British Columbia", memorandum, C.U.C., vol. 32, 1924 AG: file "B".

3. The enthusiasm for the movement also posed a few dangers from the C.U.C. viewpoint. The Great War Veteran's Association for a while contemplated a massive co-operative association in the "top-down" tradition. It was stopped only after some local co-operators, using information supplied by Keen, talked the organization's executive out of their plans. See C.U.C., vol. 133, 1920 AK: file "Fernie".

4. C.C., August, 1921, pp. 9-10.

some hope of a strong provincial movement.

Similarly, on the east coast, interest in the Union increased immediately after the war. In June, 1918, representatives of the Cape Breton co-operatives met at Sydney to consider what they could do to help the Organization Department recently established by the C.U.C. Suggestions were put forward that Cape Breton co-operators should consider the possibilities of re-establishing the provincial section and a collective buying scheme. More importantly, the delegates promised support for the Union from their societies and pledged to hold more meetings among themselves. These decisions apparently indicated that the Cape Breton societies were once more on the road to forming a strong movement.

With this growing interest, and on the invitation of the Sydney Mines society, Keen returned to Cape Breton in November, 1918. He brought with him all the optimism he had gained because of the wide-spread interest in the movement throughout the country. The first centre he visited was Moncton, the only New Brunswick town to show interest in the C.U.C. before the thirties. An important railroad point, Moncton contained a large number of trades unionists and was a likely location for a strong co-operative. Keen came to the town on the invitation of members of the

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1. C.C., July, 1918, pp. 4-5.

machinists union who had had some difficulty in organizing their society.<sup>1</sup> He advised them on several matters, including incorporation procedures, methods of extending credit, the director-manager relationship, and methods of increasing membership.

From Moncton he went to Cape Breton where there was a resurgence of co-operative enthusiasm based on prosperity and trades union solidarity: in comparison to the slump of the previous years, Glace Bay was having a good year in 1918; a new affiliate with adequate capital had recently opened in Dominion; another society with large reserves was emerging in Sydney; and the British Canadian in Sydney Mines was enjoying very prosperous years. In total, the Cape Breton movement grossed a total trade of \$1,250,000 and was supported by 4,100 members.<sup>2</sup> Sydney Mines, with over 1,600 members and a trade of about \$750,000, was the leading society.

As on so many other occasions in the history of the Canadian movement, appearances were misleading. George Keen discerned some of the problems, though he was generally enthusiastic about what he saw. Sydney Mines, of course, posed no difficulties: just before he arrived, it had undertaken an orderly scheme of expansion that would allow the

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1. For an account of Keen's visit see C.C., December, 1918, pp. 5-7.

2. C.C., December 1918, p. 3.



store to stretch the entire width of a city block. Indeed, the only problem Keen encountered in the city was the cancellation of his public address because of an influenza epidemic.<sup>1</sup> In the other centres, however, problems of serious magnitude could be discerned. Glace Bay, despite increases in sales, faced problems because of high fixed costs and a high expense ratio; and the Dominion society, called the Cape Breton Co-operative, was plagued by disputes and a lack of loyalty.

In Sydney,<sup>2</sup> a well-financed society which had started with an unusually large membership of 1,500, more serious problems were observable. It possessed a large store in the centre of town, a store with three full floors and an excellent basement,<sup>3</sup> and it retailed, from the beginning, an average of \$16,000 per month, a very high figure by C.U.C. standards. Unfortunately, a high percentage of the trade was with non-members, and the paid-up members were not as loyal as they should have been. In Keen's view, this situation was most serious: it meant that, on the one hand, should difficult times arrive, the store could not depend upon continued support; and, on the other, should good times continue,

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1. C.C., December, 1918, p. 3.

2. The Sydney society, established in early 1918, did not immediately become a formal affiliate. Early business reversals and tardiness among the directors meant that an application for admittance was not received until 1922.

3. Ibid., p. 5.

the store could easily be destroyed by new and effective competition.

After praising the membership of the British Canadian and suggesting changes to co-operators in the other Cape Breton societies, Keen returned to Brantford. On the return trip he took with him L.R. Hollett, the former cashier and accountant of the British Canadian, who was to become the new manager of the emerging Moncton society. It is a measure of the former society and an indication of its place in Sydney Mines that Hollett received numerous gifts both from his fellow employees and from the town council. In fact, if the influenza epidemic had not made it impossible, the mayor and town council would have held a special banquet in his honor.<sup>1</sup> As a former activist in the British Canadian's educational committee, Hollett had gained the respect and admiration of the entire town, and he had epitomized the society's community involvement.

Indeed, in Keen's view, as long as the British Canadian remained as an example for other societies, the Cape Breton movement was in a basically strong position. Thus, when he returned from the Maritimes, he brought back with him considerable optimism, only slightly moderated by the disturbing things he had seen. In retrospect, the important

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1. The Sydney society, established in early 1918, did not immediately become a formal affiliate. Early business reversals and tardiness among the directors meant that an application for admittance was not received until 1922, p. 7.

points were that all societies had been interested in his work, all had pledged their support, and all were apparently anxious to receive the Union's advice. As in 1913, the Maritimers were reaching beyond mere localism and into experimentation with wider institutions.

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At about the same time--1918 and early 1919--as Keen was stirring interest in the Union among Maritimers, he was turning some attention to the Prairies. In part, this deepening interest was stimulated by his desire to gain funds for the Union through lecture tours paid for by existing and potential members.<sup>1</sup> Partly too, the interest grew out of his participation in the first national conference of the Co-operative League of the United States held in Springfield, Illinois, in September, 1918. While there he was invited by many delegates to make a tour of the American Mid-West, and, for a while, Keen envisioned accepting their offer and using the opportunity to visit the Canadian Prairies.<sup>2</sup>

His plans for a western trip--soon jettisoned because of increased work in Southern Ontario--were greeted warmly by the U.G.G. The grain company wanted Keen to come so that

1. Keen to M. Harlton, February 15, 1918, C.U.C., vol. 21, 1918 LY: file "R".

2. Keen to W. Dickinson, October 3, 1918, C.U.C., vol. 20, 1918 AK: file "D".

western interest in the consumer movement might be rationally organized in keeping with the needs of the producer movement. The U.G.G. was particularly concerned about tendencies developing in recently-established Albertan consumer societies. In February, 1919, representatives from eight consumer co-operatives, none C.U.C. affiliates, met in Vulcan, Alberta, to consider ways of buying their supplies more advantageously.<sup>1</sup> In the past, these societies had all purchased from the Supply Department of the United Grain Growers, but they were beginning to investigate other wholesaling agencies with wider stocks of goods. The representatives in Vulcan wanted to use the grain companies as much as possible, but "there was not a delegate present who would attempt to maintain that the U.G.G. had as yet shown itself capable of satisfactorily serving as the ultimate buying agency of the retail co-operatives of this Province."<sup>2</sup> As a result, the eight societies active at the meeting and another three not able to participate, organized the Co-operative Union of Alberta to protect their interests. The national Union was not opposed to the formation of this provincial organization as it was in keeping with the provincial section concept that had always been a part of its policy. The Alberta organization, moreover, demonstrated

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1. Minutes of Meeting, February 6, 1919, C.U.C., vol. 22, 1919 AK: file "A".

2. Ibid.

some interest in the C.U.C. and urged that all consumer societies take advantage of the Union's services.<sup>1</sup> The sincerity of this appeal might be doubted as none of the member societies rushed forward to become affiliated, and no real effort was made to integrate activities; but at least an open break was avoided, and the Union did not see itself seriously threatened.

The organization that was immediately threatened was the United Grain Growers, for, although the Alberta Union members proclaimed their willingness to buy from the U.G.G. when it was competitive, they did not disguise their dislike for the general policies followed by the company. At the meeting at Vulcan and at another in Calgary a month later, considerable antipathy toward the U.G.G. was demonstrated, culminating in a refusal of the company's request to affiliate. The explanation given for the refusal was that the U.G.G., for the reasons given above, was not a true cooperative.<sup>2</sup> The underlying reason was far less idealistic: the U.G.G. was frequently a competitor of the local societies because of its aggressive travelling salesmen and its efficient mail order service. P.P. Woodbridge, who had left the U.F.A during the war because of its tendencies toward

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1. Circular letter, Alberta Co-operative Union to Alberta Co-operatives, February 28, 1919, C.U.C., vol. 22, 1919 AK: file "A".

2. See p. 30.

centralist domination, best expressed this viewpoint:

The U.G.G. in the opinion of many of the societies as well as other observers is and always has been the greatest obstacle and the most dangerous opponent of the co-operative movement in Canada.<sup>1</sup>

The U.G.G. reacted quickly to this drive for increased local control by various groups in Alberta. In April, 1919, it tried to develop a plan whereby it would build stores wherever consumer groups wanted them.<sup>2</sup> According to this plan, the U.G.G. would sell company shares to the interested farmers, establish the store, and undertake its management. The store would be operated on a patronage dividend basis, and it would be subject to some local control. The final authority, however, would rest with the company, and it was that feature which caused most Albertans to reject the plan.<sup>3</sup> For most farmers, the scheme smacked of the same type of central control and bureaucratic domination that, in their view, characterized the U.G.G. generally.

The U.G.G., at about the same time--early 1919--began to investigate affiliation with the C.U.C. One reason for this investigation was that the two organizations had maintained a friendly relationship through the years. Keen had

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1. P.P. Woodbridge to Keen, April 19, 1919, C.U.C., vol. 23, 1919 LY: file "W".

2. R.N. Mangles to Keen, April 20, 1919, C.U.C., vol. 23, 1919 LY: file "Y".

3. Ibid.

corresponded frequently with Chipman and, from 1917 onward, he had exchanged views occasionally with Cecil Rice-Jones, former president of the Alberta Co-operative Elevator Company, and, after amalgamation, vice-president of the U.G.G. Rice-Jones was an English immigrant who had developed a strong social conscience because of the work of his clergyman-father in the London slums.<sup>1</sup> He and Keen had much in common, and, in 1918 and 1919, they had exchanged letters on both the theory and practical aspects of co-operation. Undoubtedly, this background was of some importance when the U.G.G. decided to apply for affiliation in 1919.

The U.G.G. also probably saw some practical advantages in joining the C.U.C. because of its struggle to adjust to the new co-operative enthusiasm on the Prairies. After all, the Union was the internationally recognized Canadian co-operative organization. It had a long history of rejecting quasi-co-operative organizations, and The Guide itself had made it known throughout the West as a symbol of co-operative orthodoxy. In the struggle to keep their institution in a position of authority over a rapidly changing agrarian movement, the U.G.G. executives probably saw some value in joining the C.U.C.

Whenever an organization applied for affiliation to the C.U.C., George Keen made the preliminary investigation

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1. H. Moorhouse, Deep Furrows (Toronto, 1918), p. 240.

of the potential members "bona fides" and reported his impressions to the national executive. His influence is attested to by the fact that the executive never rejected his recommendations. In the case of the U.G.G.'s application, Keen was influenced by the emergence of the Alberta Co-operative Union and by his own correspondence with U.G.G. executives. The Alberta Union had started out on a friendly enough basis with the C.U.C., but relations had not remained close. Keen had objected to the term "Union" being applied to the provincial organization because it would ultimately conflict with the C.U.C.'s designation.<sup>1</sup> More seriously, he had anticipated competition when the national Union would eventually work seriously in the West. At first, he had believed these problems would be overcome by the Albertan Union evolving into a provincial section. By the summer of 1919, however, it was becoming clear that the Alberta societies were going their own way. In May, he was informed that the Alberta co-operators were devoting their time to the creation of a wholesale and had little time or money to devote to the C.U.C.<sup>2</sup> In July, a correspondent from a society in Killam wrote:

In a letter from the President of the newly formed "Alberta Coop Union" he urges us to join the national union, yet with your headquarters down in Ontario he

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1. Keen to G.W. Johnson, March 6, 1919, C.U.C., vol. 23, 1919 LY: file "U".

2. Ibid.



could see very little benefit at the present time from joining the union.<sup>1</sup>

The executive of the Killam organization agreed with this curiously contradictory advice, and the society refused to affiliate with the C.U.C. but did join the Alberta Union.<sup>2</sup>

These developments, which seemed to indicate a potentially dangerous schism in the Canadian movement, took place while the U.G.G. was applying for affiliation. In contrast to the separatist tendencies of the Albertans, the U.G.G. presented an attractive affiliate with considerable funds at a time when the Union needed money for expansion. It also presented an apparently sincere interest in the movement, and, for many years, it had been sympathetic to the Union's activities. At the same time, the U.G.G. was a most successful institution: it had 35,000 members<sup>3</sup> compared to 5,000 within the C.U.C.,<sup>4</sup> and its annual sales surpassed \$6 million<sup>5</sup> in contrast to the \$2 million sold by the Union's affiliates.<sup>6</sup> There could be no doubt that the grain company would be a welcome addition.

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1. W. Halsall to Keen, July 14, 1919, C.U.C., vol. 23, 1919 LY: file "W".

2. Ibid.

3. C. Rice-Jones to Keen, May 1, 1919, C.U.C., vol. 23, 1919 LY: file "U".

4. C.C., July, 1919, pp. 8-9.

5. C.C., August, 1921, pp. 8-9.

6. C.C., July, 1919, pp. 8-9.

Nor did Keen have to worry about the U.G.G. imitating the rapid expansion programs then popular among many co-operative enthusiasts in North America. After the failure of its plan to organize consumer co-operatives for interested groups, the U.G.G. could not easily embark upon a chain store program that would destroy local initiative. Thus, the only questions at stake were: "Was the U.G.G. as co-operative as circumstances permitted?" and "What adjustments would be necessary within the Union's financial structure?"

By 1919, Keen and the Union were recognizing that the letter--though not the spirit--of the Rochdale rules could be altered somewhat. The increasing complexity of the modern economy, the necessity of large organizations so that economies of mass production, purchase, and selling might be achieved, meant that the Union had to be somewhat flexible. Moreover, both Keen and Carter believed that co-operation was applicable to all aspects of life, and farmers must be able to develop the movement in keeping with their needs. It was important, therefore, that the Union make some effort to establish what was and what was not acceptable in agrarian co-operation without being too rigid in its categorization.

Keen ultimately decided in favour of the U.G.G.'s affiliation because he believed it was essentially democratic in organization, independent of the major political parties, anxious to distribute profits according to effort,

and interested in stimulating self-help among the farmers. As for the methods of organization, he thought the U.G.G. was as co-operative as could be expected: the company tried to make its general meetings reflect the interests of the membership by having one delegate present from each local, and the locals were limited to about 110 farmers each.<sup>1</sup> Each farmer had one vote at the meetings of the local regardless of investment, and each delegate had only one vote at the general meetings regardless of the financial power wielded by his local.<sup>2</sup> To insure that the poorer and more remote locals were represented, the company paid all the expenses of delegates attending general meetings. In the view of the company leaders, no "co-operative organization in the country, or for that matter in the world, [could] claim to have a more democratic system of representation than is the case with our Company."<sup>3</sup>

Keen agreed with this evaluation to the extent that he provisionally approved the company's affiliation in September, 1919.<sup>4</sup> Another reason for accepting the application was his

1. Keen to C. Rice-Jones, September 23, 1919, C.U.C., vol. 23, 1919 LY: file "N". Occasionally some of the locals were larger than 110 farmers and required the election of more than one delegate. R.D. Colquette, The First Fifty Years, pp. 122-123.

2. C. Rice-Jones to Keen, May 1, 1919, ibid.

3. Ibid.

4. Keen to Rice-Jones, September 23, 1919, C.U.C., vol. 23, 1919 LY: file "U". His action was ratified at a meeting of the United Board on January 10, 1919. C.C., January, 1920, p. 17.

belief that the U.G.G. was organized essentially for service and not for profit.<sup>1</sup> The significant points here were that the company charged a fixed commission for its services in most areas and that it contributed rather large sums to various educational organizations. The dividends declared on capital were usually low and were not regarded as the only major demand on any surpluses that were distributed.

The only other problem encountered in the affiliation of the U.G.G. was the adjustment of the fees schedule used for the other affiliates. In 1919, the Union was collecting twenty-five cents for every member buying fifty dollars or more each year from every society with annual profits over \$2,000.<sup>2</sup> If the U.G.G. paid at such a rate, it would contribute \$5,000 per annum. As it was, the company was already paying \$18,000 per year for the educational programs of the Canadian Council of Agriculture, the Manitoba Grain Growers Association, the Manitoba Women's Grain Growers Association, the United Farmers of Alberta, and the United Farm Women of Alberta;<sup>3</sup> obviously it could not afford to contribute too much to any new organizations. After negotiations, the U.G.G. annual contribution was set at two hundred dollars,

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1. Keen to Rice-Jones, September 23, 1919, C.U.C., vol. 23, 1919 LY: file "U". His action was ratified at a meeting of the United Board on January 10, 1919. C.C., January, 1920, p. 17.

2. G. Keen, Memorandum on Co-operation in Canada, und., C.U.C., vol. 18, 1917 AI: file "H".

3. Rice-Jones to Keen, September 20, 1919, C.U.C., vol. 23, 1919 LY: file "U".

subject to an annual review by both parties. For once in its history, the Union had demonstrated considerable flexibility in the face of uncertainty.

Perhaps this flexibility was an error for, just as the company was being accepted, the question of its co-operative purity reappeared. The issue brought forth by the dissatisfied societies in Vulcan during February and March, 1919, had not died out, and, in August, 1919, several Alberta Grain Growers' Associations sponsored a resolution at the U.G.G.'s annual convention calling for the use of patronage dividends and for relaxation of centralized, bureaucratic control.<sup>1</sup> Keen rather surprisingly refused to take sides in the issue; the most he was willing to say was that the Union had resolutely opposed the chain store plan in Ontario.<sup>2</sup> He was not certain about the Prairie situation where hundreds of quasi-co-operative organizations existed; until he travelled west himself he could not know what was needed, and perhaps the U.G.G.'s combination mail order and branch system was the best that could be yet devised.

The Union's admission of the U.G.G. had its positive and negative effects. On the positive side, the admission led to many requests for information, notably from U.F.A.

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1. R.N. Mangles to Keen, August 18, 1919, C.U.C., vol. 23, 1919 LY: file "Y".

2. Keen to Mangles, August 30, 1919, ibid.

locals, the U.F.A. being closely associated with the U.G.G. at that time.<sup>1</sup> It even produced an unofficial enquiry about the possible affiliation of the U.F.A., a suggestion which Keen rejected because of that organization's direct political involvement.<sup>2</sup> On the negative side, the affiliation of the grain company produced extensive criticism of the Union by co-operators opposed to the power amassed by the U.G.G. P.P. Woodbridge voiced the sentiments of this group:

The admission of the United Grain Growers to membership in the Co-operative Union of Canada was without a doubt the greatest blow to the movement that could possibly have been given. It put every local organization operating on a co-operative basis on the defensive, and has had the effect of rendering the efforts of those of us who were hoping to bring about an affiliation of all local autonomous co-operative associations with the Co-operative Union, absolutely futile, because of the use that has been made of this affiliation by the United Grain Growers, which has resulted in prejudicing the Co-operative Union and making them suspicious of its good faith.<sup>3</sup>

This hostility toward the U.G.G. and, by implication, the C.U.C., died down in its institutional manifestations in 1920 though it was revived later in the twenties.<sup>4</sup> The Alberta Co-operative Union lost much of its strength in that year and eventually came under the control of the U.G.G.

1. Keen to T. Fitzgerald, September 30, 1919, C.U.C., vol. 22, 1919 AK: file "F".

2. Keen to T. Fitzgerald, und., C.U.C., vol. 24, 1920 AK: file "F".

3. P.P. Woodbridge to Good, February 16, 1921, G.P., vol. IV, Correspondence, 1917M-1922F: file "1920-1921".

4. See below, pp. 507-511.

Its weakness was demonstrated when it appealed, early in 1920, for a special contribution of twenty-five dollars from each member society. When the appeal was almost universally ignored, the Union fell apart, the U.G.G. taking over its economic activities and the U.F.A. assuming its educational responsibilities.<sup>1</sup> When these changes took place, C.U.C. affiliation was recommended to the societies, but was rejected by most as being irrelevant.<sup>2</sup> The situation had apparently reverted back to the 1918 pattern when the U.G.G. was in control.

While the C.U.C. was involving itself in the heady atmosphere of large-scale co-operative marketing on the Prairies, it was also slowly building up a list of western affiliates only marginally related to the big companies. In September, 1918, a small farmers society in Glenella, Manitoba, was admitted.<sup>3</sup> It had an unusual method of organization in that its members were permitted to withdraw their share capital with very little notice. Many co-operatives had a waiting period before shares could be withdrawn, or they insisted upon shares being sold whenever a member wanted to withdraw. Such provisions permitted societies to

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1. C. Rice-Jones to Keen, February 20, 1920, C.U.C., vol. 25, 1920 LZ: file "U".

2. Ibid.

3. C.C., October, 1918, p. 13.

overcome periods of trial when members demanded return of their capital. The Glenella society proved the value of this practice. As long as it was relatively prosperous, no problems were encountered, and, in 1919, it was a healthy organization retailing \$40,000 per year.<sup>1</sup> Unfortunately, beginning in 1921, a series of bad harvests undermined the organization by producing a steady drain on its capital. Thus, though it was a strong affiliate in the 1918-1921 period, its enthusiasm dwindled markedly thereafter until it withdrew in 1926.<sup>2</sup>

Another initially strong Manitoba society during the period was the rejuvenated Winnipeg Co-operative Stores which, having withdrawn in 1916, re-entered the Union in August, 1919.<sup>3</sup> It was strongly supported by labourers and became an affiliate because the Union's cause had long been supported by The Voice, an influential labour newspaper in Winnipeg.<sup>4</sup> Revitalized during and after the General Strike, the society's leaders appreciated Keen's strong stand on behalf of labour during the strike. The society grew rapidly, and in 1920 it sold over \$180,000 worth of merchandise.<sup>5</sup>

1. C.C., July, 1919, pp. 8-9.

2. C.U.C., vol. 140, 1923 AK: file "Glenella" and vol. 144, 1926 AL: file "Glenella".

3. C.U.C., vol. 132, 1913, 1919 AW: file "Coop Stores Ltd. W'peg".

4. C.C., October, 1918, p. 7.

5. C.C., August, 1921, pp. 8-9.



In that year, it, along with the U.G.G., organized a meeting of co-operators in Winnipeg to investigate the possibility of forming a provincial organization under C.U.C. supervision.<sup>1</sup> Unfortunately, these optimistic beginnings were soon dampened by difficulties in the Winnipeg society which was to be the heart of the new organization. By 1921 it was unable to keep up with the modest dues required for C.U.C. membership,<sup>2</sup> and, in the early summer of that year, problems in management appeared.<sup>3</sup>

The Winnipeg society withdrew from the Union in 1922, ending any hope the C.U.C. had of starting a strong Manitoba movement during the early twenties. The decline of the society was caused by a series of factors. Many of the members in Winnipeg blamed the collapse upon a conservative-radical split within the trades union movement.<sup>4</sup> George Fisher, local representative for the Scottish Co-operative Wholesale, blamed its problems upon a failure to attract

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1. C. Rice-Jones to Keen, February 20, 1920, C.U.C., vol. 25, 1920 LZ: file "U". Rice-Jones read a paper on collective buying written by Keen for the meeting. For a copy of the paper, see C.U.C., vol. 204 Miscellaneous Correspondence, 1920-1922: file "1921". T.A. Crerar also spoke at the meeting.

2. Keen to the secretary, Co-operative Stores, April 21, 1921, C.U.C., vol. 136 1921 AK: file "Cooperative Stores Winnipeg."

3. C.T. Tipper to Keen, June 4, 1921, ibid.

4. Keen to R.S. Ward, November 21, 1922, C.U.C., vol. 137, 1922 AK: file "Cooperative Stores (Winnipeg)."

members of the middle class. In his view, the British consumer movement had been successful because it had attracted the purchasing power of the labourers and the administrative expertise of clerks in traditional capitalist institutions.<sup>1</sup> Winnipeg, like other co-operatives established as adjuncts to the Canadian labour movement, had working class support but not middle class direction; the result was that the Canadian movement generally, and the Winnipeg store in particular, had failed to produce effective, experienced leadership.<sup>2</sup> Keen tended to agree with this evaluation, despite his many years of effort within the labour movement, but he also stressed that the company had expanded too quickly without establishing sound business techniques; like many societies of the period, it was built on more optimism than the situation warranted.

Probably all these factors played a role in the failure of the promising Winnipeg society, but its rise and fall can best be seen in the context of the General Strike. The co-operative attracted many members because of the bitterness and class solidarity associated with the problems in the spring of 1919. It grew as the labour movement in the city coalesced more than ever before; it deteriorated as the

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1. Keen to R.S. Ward, November 21, 1922, C.U.C., vol. 137, 1922 AK: "Cooperative Stores (Winnipeg)."

2. Ibid.

labour circles reverted to their usual divided condition. By 1923 the process was complete, and the co-operative was dead. Labour had too much difficulty in sustaining unity in more crucial areas to be able to undertake the cohesive effort necessary for co-operative success.

After the Winnipeg failure had seriously weakened the Union's cause in Manitoba,<sup>1</sup> the C.U.C. looked elsewhere on the Prairies for whatever support it could muster. At first, Alberta appeared as the more attractive of the other two provinces. Eckville, the remaining society from the World War One period, declined in 1919 and withdrew in 1920, but its loss was offset by a small society in Leo, which joined the national organization in 1919, and for two years tried to stimulate an interest in the C.U.C. among unaffiliated Alberta societies. It requested that Keen make a western tour, a request regrettably turned down because of a lack of funds;<sup>2</sup> it tried to organize collective buying schemes with nearby societies; and it attempted the formation of a managers' association in its region. Unfortunately, it and the movement generally were too weak to undertake any of these projects.

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1. The only affiliates based in Manitoba in the early twenties were the weak society in Glenella, the marginally interested U.G.G., and for a brief period a small farmers' society in Eriksdale.

2. See correspondence between G. Figarol and Keen, December, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "Leo".

iv

The western pattern of expansion in 1918 and 1919 followed by decline in 1920 and 1921 was duplicated in all regions, but especially in Southern Ontario. Indeed, Southern Ontario, still attracting most of the Union's attention, expanded the most rapidly and declined the most disastrously. This unfortunate pattern was true of both the urban and rural co-operative movements. The Union was most directly concerned with the urban movement, its position in the rural regions being insignificant because of the supremacy of the United Farmers.

The rivalry with the U.F.O. was not immediately apparent when the agrarian movement first appeared and did not become prominent until the early 1920's. In fact, during 1918 and 1919, there was an effort to co-operate closely with the United Farmers. Samuel Carter, who was becoming discouraged with the efforts to organize co-operatives in industrial centres, was enthusiastic with the prospect, seeing a joint program as the only real hope for rapid growth.<sup>1</sup> W.C. Good, then on the C.U.C. periphery, was not too enthusiastic about such a plan, believing that any negotiations would consume considerable time even if the United Farmer leadership was receptive. Keen was even less enthused, being wary of the U.F.O. movement generally,

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1. Keen to Carter, March 20, 1918, and Carter to Keen, April 23, 1918, C.U.C., vol. 20, 1918 AK: file "C"C.

especially as it seemed to be moving inexorably toward schemes involving rapid "top-down" or highly centralized methods of operation. Nevertheless, Carter's suggestion could not be ignored, and Good precipitated a discussion on the topic with the U.F.O. leadership.<sup>1</sup> The plan he proposed envisioned raising one thousand dollars for expenses and establishing a promotion board consisting of equal representatives from both organizations.<sup>2</sup>

Good put forward the proposal at a meeting of the directors of the U.F. Co-op on Good Friday, 1918. He coupled the proposition with a recommendation that the United Farmers movement should adopt The Canadian Co-operator as its official organ. The suggestions were greeted with a distinct lack of enthusiasm.<sup>3</sup> Keen was not at all discouraged by the U.F.O.'s disinterest because he was opposed to the centralist tendencies of the agrarian leaders and because he suspected the political overtones appearing within the agrarian movement: the Union could not afford to be directly associated with any political movement, and the proposed co-operative board could easily end in such an undesirable situation.<sup>4</sup>

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1. Keen to Carter, March 20, 1918, C.U.C., vol. 20, 1918 AK: file "C".

2. Keen to Good, March 25, 1918, C.U.C., vol. 18, 1917 AI: file "G".

3. Keen to Carter, April 2, 1918, C.U.C., vol. 20, 1918 AK: file "C".

4. Ibid.

Keen also preferred that the Union remain aloof because he thought he detected tensions between the U.F.O. and the Ontario government agencies interested in co-operation; if so, the Union would better remain independent and perhaps play the role of the honest broker. He advocated, therefore, the development of a special board within the C.U.C. to overlook the creation of new societies, agrarian as well as industrial. To keep competition with the United Farmers at a minimum and to provide contacts with the agricultural movement, Keen recommended that Good become a member of the committee and of the national executive. Hopefully, the Union would then have the best of two worlds--the luxury of independence from, yet the benefits of close contact with, the Ontario farmers' movement.<sup>1</sup>

Keen's views won out, and the Organization Department was developed according to his plan. To a large extent, however, Keen's ideas were accepted because Good was in no position to push for an alternative. During 1918, and especially in 1919, the U.F. Co-op was rocked by the dispute over how quickly it should seek to expand. The dispute was important because, beginning in early 1918, the farmers' movement gained momentum amid the unrest generally associated with the war's end. The expansion issue was decided when R.W.E. Burnaby became president. A dynamic individual with

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1. Keen to Carter, April 2, 1918, C.U.C., vol. 20, 1918  
AK: file "C".

considerable ability as a salesman, Burnaby believed in rapid expansion and, in early 1919, he secured the services<sup>1</sup> of a like-minded manager in the person of T.P. Loblaw.

Good and Keen strongly opposed the plans devised by Burnaby and Loblaw to make the U.F. Co-op a large scale enterprise within a short period. Good was hostile to the plan from the moment Loblaw was interviewed for his new job,<sup>2</sup> and Keen immediately saw the plans as proof of his contention that agrarian leaders knew nothing about co-operation.<sup>3</sup> Keen criticized Burnaby and Loblaw for their emphasis on centralized control, arguing that this proved their lack of interest in economic democracy and their tendency to see co-operation as merely another form of competitive business. Their competitive instincts were further demonstrated by their flagrant attempts to undermine existing co-operatives, notably the Brant Farmers organization and the urban societies<sup>4</sup> in Kingston, Peterborough, and North Bay.

The expansionist outburst of the U.F.O. leadership further convinced the C.U.C. that it had to steer an independent course. W.C. Good was marked as a leader of the

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1. Good, Farmer Citizen, pp. 103-104 and M.H. Staples, The Challenge of Agriculture, pp. 86-88.

2. Good, Farmer Citizen, p. 104.

3. Keen to Carter, November 22, 1919, C.U.C., vol. 22, 1919 AK: file "C".

4. Ibid.

apparently losing side within the agrarian movement--the side that wanted slow development emphasizing local autonomy. At the enthusiastic 1919 general meeting of the U.F. Co-op, held shortly after the U.F.O. political victory, Good suggested increasing the power of local societies, thereby keeping the movement democratic and dependent upon local initiative.<sup>1</sup> His suggestion was not greeted with any enthusiasm, but, at least, it was not rejected categorically; he succeeded in initiating a complete review of what had happened to the U.F.O. movement during the previous two years. But the stocktaking did not proceed at a very fast rate: any organization which had mushroomed from a few hundred members to about ten thousand within a very short<sup>2</sup> period does not easily see a need for self-criticism.

## v

In the meantime, the Union was making its own progress, for the most part in urban areas of Southern Ontario. In late 1918 and 1919, six new societies, all in Western Ontario, joined the Union: two were located in the Windsor area, and others were found in London, Bridgeburg, Woodstock, and Hamilton. They joined the Brant Farmers, the only agrarian

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1. Good, Farmer Citizen, p. 105.

2. M.H. Staples, The Challenge of Agriculture, pp. 91-93.



affiliate in Ontario, an earlier organized Hamilton society, and others in Dundas, Galt, and Guelph. Obviously so many co-operatives within such a relatively limited area revived the dreams of 1913 and indicated the feasibility of at least collective buying and perhaps co-operative wholesaling. From the Union's viewpoint a wholesale would be particularly desirable because it could provide necessary leadership in the more practical areas of operating a society and because it could effectively insist upon the acceptance of general minimum rules of operation.

One manifestation of an awakening interest among Ontario societies in greater collective action was the reorganization, in August, 1919, of an Ontario section.<sup>1</sup> The section's function was to solve problems that emerged after the Union ended its close supervision following incorporation. Perhaps closer relations between various societies would permit the weaker organizations to benefit from experienced advice and, eventually, collective buying.

Considerable attention was given at the meeting called to reorganize the section to inaugurating a collective buying scheme.<sup>2</sup> Because of their proximity to each other, Guelph, Galt, and Hamilton were selected as the societies to

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1. See p. 390.

2. C.C., September, 1919, pp. 4-5.

undertake the initial stages of organization. The Guelph<sup>1</sup> society, with a relatively large volume of business, was the key co-operator in this grouping because it was already on some wholesalers' "jobbers' lists"<sup>2</sup>. Under the scheme proposed by an executive of the Galt society, Guelph would purchase supplies for the other two societies, and eventually, for other Union members.

Interest in collective buying and in a co-operative wholesale was almost as much the result of agitation by the societies as it was the product of lobbying by the executive; it was, therefore, an indication of problems being met by the affiliated societies. The Galt society in particular was a strong advocate of the pooling of purchasing power and expertise because it was nearly always in financial difficulty. As a co-operative catering essentially to labour people, the Galt organization was finding it difficult to compete with nearby competitors because, unlike them, it paid union wages. It was also having difficulty in declaring its dividend at a reasonable rate each year because of fluctuations in selling patterns caused by seasonal variations. Collective wholesaling would aid both situations, it was thought, by reducing costs and by allowing

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1. In 1918 Guelph was the third largest society in the Union behind British Canadian and Glace Bay. In that year its total sales exceeded \$185,000. C.C., July, 1919, p. 9.

2. Ibid., p. 5.

prosperous societies to help their weaker brethren during  
 slack periods.<sup>1</sup>

Not all societies, however, shared Galt's enthusiasm for the scheme. Because of its internal difficulties, the oldest Hamilton society was hesitant about embarking upon any large-scale wholesale plan.<sup>2</sup> More importantly, Guelph executives were dubious because they were afraid that if their manager ordered the supplies, they might be held responsible should any society default.<sup>3</sup> Carter and his associates preferred to have a regular wholesale house, hopefully the U.F. Co-op, serve the needs of Union members. These attitudes, plus the fact that G.F. Bibby, the Guelph manager, was a contentious figure meant that the committee appointed to investigate the entire scheme was soon deadlocked.<sup>4</sup>

As it became obvious that no positive results would accrue directly from the initiatives taken at the August, 1919, meeting, Galt started its own investigation of the feasibility of collective buying.<sup>5</sup> It sought to awaken a new interest in societies located in Hamilton, Dundas,

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1. W. Hilton to Keen, September 8, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "Galt Co-op".

2. C.C., September, 1919, p. 5.

3. G.F. Bibby to Keen, November 21, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "Guelph Co-operative Association--1919".

4. See numerous letters in ibid., and in vol. 134, 1920 GN: file "Guelph Co-op".

5. A.L. Philip to Keen, December 1, 1919, ibid., vol. 132, 1913, 1919 AW: file "Galt Coop Soc.".

Georgetown, and Stratford, as well as Guelph, but to no avail. By late 1919 and early 1920, many of the new societies established in the burst of enthusiasm following the war were encountering difficulties, partly because of internal dissension and partly because of adverse business conditions. Few societies were able to take the chance, and those that were able were understandably hesitant. Thus, the renewed efforts of the leaders in Galt had little positive effect.

The symptoms of difficulties evident by late 1919 were indications that the Union was entering into a new and very difficult period in Southern Ontario. In fact, the frustrations which emanated from a series of failures beginning in that year nearly terminated the Union's existence. Between late 1919 and 1925, society after society encountered adverse conditions, and many of them were forced to close their doors. These developments were very disappointing to the Union executives because many of the societies that failed, in their view, need not have done so. Frequently, societies were carefully shepherded into life by the Union only to be undermined by the adoption of faulty, often stupid, business practices.

A typical, frustrating experience occurred in 1919 and 1920 with a prospective society in Collingwood. Labourers in that town had developed a considerable amount of unity as the war drew to a close, and their united effort had

greatly aided the cause of the local Progressive candidate in the 1919 provincial election. Following the election, a few labour leaders hoped to organize this group-feeling into a stronger labour movement in Collingwood by developing a co-operative store. A successful address by Keen to an audience of over six hundred in the nearby town of Midland sparked the labour leaders to ask the C.U.C. for assistance. Keen visited the community and, through the Union's recently developed Organization Department, arranged for all the legal formalities necessary for incorporation. Then the difficulties began: disputes among the labour leaders, a disintegrating labour movement locally, and a declining enthusiasm for the store, led to the rather abrupt termination of the entire experiment.

The failure in Collingwood would have been bad enough if it had been an isolated phenomenon, but, unfortunately, it was not: between late 1918 and 1920 other groups--two in Toronto, and one each in Sarnia, Brockville, Smiths Falls, and Ottawa--dabbled in co-operation, but did not organize completely and gave up very quickly. These failures of neophytes damaged the C.U.C. in two ways: firstly, they gave co-operation a bad reputation in their own communities and made the commencement of new attempts difficult; secondly, they cost the C.U.C. a large investment in time and money

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1. See correspondence C.U.C., vol. 132, 1913, 1919 AW: file "Collingwood Coop" and vol. 133, 1920 AF: file "Collingwood".

because Keen devoted considerable attention to each group and was seldom paid enough to meet his expenses.

A more serious failure occurred during 1920 in Galt. The Galt society had demonstrated a rich potential during 1918 and early 1919, but by late 1919 a series of set-backs had placed it in a difficult position. In August of that year the manager suffered a nervous breakdown,<sup>1</sup> and by October the management problem had become acute. After he became ill, the society declined rapidly as the board of directors lacked the experience to carry on satisfactorily. Prices in the store continued high despite relatively small dividends, and dissatisfaction became rampant.<sup>2</sup> When the manager returned, he tried to overcome these difficulties by attempting to promote the collective buying project already mentioned and by seeking the advice of other managers.<sup>3</sup> Unfortunately, neither effort earned concrete assistance.

The Galt situation reached crisis proportions when the society's creditors started to press for payment of overdue bills. During early 1920 the society was unable to meet many of these demands because of a shortage of funds. Increased pressure for dividends was one reason for the financial problem, and another was the losses caused by one

1. A.L. Philip to Keen, August 21, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "Galt Co-operative Society Ltd.--1919".

2. W. Hilton to Keen October 5, 1919, ibid.

3. Ibid.

of the directors who opened a competing bakery down the street.<sup>1</sup> The society was further weakened by the hasty opening of a butchery business, a development that required a considerable investment over a short period. The end result of all these factors was that the Galt society was rich in terms of assets but consistently lacked, on a monthly basis, the capital with which to pay its bills.

Keen, on friendly terms with a number of wholesale houses in Ontario, tried to help the Galt society in its struggle with its creditors, but could not get Swift Canadian Meat Company, one of the creditors, to accept the arrangements he tried to make;<sup>2</sup> its refusal forced the society to go into bankruptcy. Keen, bitter about the unco-operative attitude of the meat company, believed that its attitude indicated a basic desire "to break the back of the co-operative movement."<sup>3</sup>

The Galt failure indicated the precarious position of consumer societies during the Union's early years. Despite a relatively long history of prosperous trading, this society was unable to survive even one understandable, honest error. There was no real assistance to be gained from other

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1. Hilton to Keen, January 19, 1920, C.U.C., vol. 134, 1920 GN file "Galt Co-op Soc."

2. Several letters, ibid.

3. Keen to John Garvey and Sons, February 26, 1920, ibid.

co-operative societies, and, unlike Great Britain, there was no wholesale to provide the funds that would permit survival until the crisis period had passed.

The failure in Galt was only the beginning. In 1920 and 1921, as Canada entered a period of deflation, as trades unionism declined, and as unemployment increased, seven other affiliates in Southern Ontario were closed. These were all new but fully-organized societies, founded in the burst of enthusiasm after the war. Two of them were located in the Windsor area, and the others were found in Georgetown, Stratford, Niagara Falls, and Gananoque.

Against this background of repeated catastrophe and obviously approaching failure, the Union, starting in 1920, tried to develop methods of supervising member societies beyond the organization period. The first organized effort in this direction occurred at an Ontario sectional conference held in Hamilton on October 18, 1920. At the meeting, a disillusioned Samuel Carter called upon the boards of directors of each society to exercise more diligence and more prudence in supervising their societies.<sup>1</sup> Carter insisted that societies must reduce services until they were operating within their income, and he stressed the necessity of directors supervising their business on at least a weekly basis. Furthermore, he strongly advocated the creation of

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1. C.C., November, 1920, pp. 6-7.



a true wholesale, independent of all member societies and functioning on the same basis as the British wholesale.

George Keen was more insistent upon having definite controls exerted by the Union executive over the business policies of individual members.<sup>1</sup> He did not envision close supervision by the national organization, but rather the development of systematic procedures whereby the leaders of individual societies would be compelled to watch their institutions carefully. He had in mind such devices as monthly financial statements to be submitted to the Union for at least the first year of a society's existence; consistent circulation of The Canadian Co-operator; and careful consultation by all societies with the national executive<sup>2</sup> before they made any large expenditures.

Both Carter's and Keen's suggestions were discussed at the meeting of the provincial section. A committee was established, consisting of Carter, Keen, and W.C. Good, to work out a scheme for the organization of a wholesale in Ontario.<sup>3</sup> The meeting endorsed all of Keen's recommendations and added to them by requesting that new societies consult

1. C.C., November, 1920, pp. 7-8.

2. The ideas put forward by Keen at this time were virtually the same as those advocated by the United Board at a meeting on January 10, 1920. See C.C., January, 1920, pp. 18-19.

3. "Minutes of the Conference...Monday, October 18th 1920", p. 2, C.U.C., vol. 204, Miscellaneous Correspondence: file "1920".

with the Union before selecting a manager. The addition was made because some societies had encountered problems after appointing managers Keen had thought unsatisfactory.<sup>1</sup>

Along with expressing its concern over practical problems that had emerged within affiliated societies, the section officially protested against large-scale retail organizations masquerading as co-operatives. The section defined a true co-operative as a society having the following characteristics:

1. Self-help in mutual association.
2. Democratic control, not only as to the principle of one member one vote, but that the constitution of the organisation will enable members to attend quarterly or half-yearly meetings of the Society without expense in travelling, or loss of work time, and that all be entitled to become members on equal terms, alike as to control and participation in advances.
3. A fixed and moderate rate of interest on capital invested and distribution of surplus in proportion to purchases, or retention thereof for the common advantage of all members.<sup>2</sup>

This definition was intended to be used as a standard whereby individual citizens could evaluate supposed co-operative organizations. The standard was needed partly because governments were not prohibiting capitalist organizations from masquerading as co-operatives and because

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1. See C.U.C., vol. 132, 1913, 1919 AW: "Ganonoque Co-operative Society--1919", vol. 134, 1920 GN: file "Ganonoque Co-op Soc.", and vol. 136, 1921 AK: file "Ganonoque Co-op Soc."

2. "The Co-operative Union of Canada, Ontario, Section, Conference Oct. 18, 1920, Suggested Resolutions", p. 1, ibid. vol. 204, Miscellaneous Correspondence: file "1920".

well-intentioned people were unknowingly abusing the movement. The Railway Merchants Association was the best known example of misguided interest, but it was not the only important one: in 1919 and 1920, the Great War Veterans Association and the Grand Army of Canada had nearly launched a large chain of co-operative stores as a means of serving their membership; only the urgent pleadings of Keen had narrowly averted the introduction of what would probably have been disastrous schemes.<sup>1</sup> Perhaps the definition would help curtail such experiments in the future.

## vi

The Union's problems were manifest by 1920; in contrast, the United Farmers movement was still riding the crest of farmer militancy. The U.F. Co-op had about 10,000 members, the U.F.O., the movement's educational wing, was climbing towards its 1921 high of 60,000 members, and the farmers government in Toronto was still relatively secure. Despite this success, the C.U.C. never altered its critical attitude toward the U.F.O.; although the farmers had accomplished more in a few months than the Union had in ten years, Carter and Keen saw no reason for criticizing their own approach. Keen argued, from the moment the expansionist crusade began, that the Union should remain completely aloof, cultivate its

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1. See exchange with W. Drinnan, C.U.C., vol. 22, 1919  
AK: file "G".

own garden, and encourage its own variety of co-operative endeavour.<sup>1</sup> His continuing advocacy of a C.U.C. wholesale, evidenced in his support of Galt's proposals in 1919 and 1920, was one indication of his insistence that the Union present its own alternative to the U.F.O.: unlike the U.F. Co-op, the planned C.U.C. wholesale would be rigidly under the control of the affiliated societies in direct proportion to the size of their membership.

In contrast, the U.F. Co-op affiliated its members directly with the central organization which, in turn, provided services and managed the local outlets.<sup>2</sup> To allow the company to compete in urban centres and to take advantage of the labour-farmer political alliance, it made non-voting "participation certificates" available to city dwellers.<sup>3</sup> The only control exercised by any of these members over their local "co-operatives" was wielded by farmer members eligible to vote at the annual meetings of the entire organization. Because of the large membership--over 10,000 by 1920--such control was obviously weak and when exerted, not representative. "In other words, the whole movement was not much more democratic than the Mutual Life

1. Keen to Carter, November 22, 1919, C.U.C., vol. 22, 1919 AK: file "C".

2. Keen to J.L. Counsell, September 11, 1920, C.U.C., vol. 24, 1920 AK: file "C".

3. M.H. Staples, The Challenge of Agriculture, p. 89.

Insurance Co. of New York."<sup>1</sup>

During 1920, W.C. Good, through his position in the agrarian movement, and George Keen, through the pages of The Canadian Co-operator, lobbied for the complete re-examination of the U.F. Co-op. They found an ally in H.B. Cowan of Peterborough, the publisher of Farm and Dairy, and they found a growing audience among U.F.O. members concerned about the growing complexities of their organization. The first recognition of the views put forward by Good, Keen, and Cowan was an agreement by the executive of the U.F. Co-op to meet with other co-operators from central Ontario. On April 29, 1920, a meeting of representatives from the two organizations and from some independent organizations was held to discuss the best way to develop the co-operative movement.<sup>2</sup>

The C.U.C., represented by both Good and Keen, hoped the meeting would be devoted to establishing pragmatic working principles for the Ontario organizations interested in co-operation. To their disappointment, the meeting never satisfactorily considered the practical problems that had arisen in the movement but discussed the problems on a more elevated, more philosophical plane; as a result, the representatives never did reach any concrete, meaningful

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1. Keen to J.L. Counsell, September 11, 1920, C.U.C., vol. 24, 1920 AK: file "C".

2. Keen to H.B. Cowan, April 30, 1920, C.U.C., vol. 24, 1920 AK: file "C". The following account is based on this letter.

decisions.

Keen noted at this conference, however, that the U.F. Co-op directors "were not quite as enthusiastic with their chain store centralised plan of operation as formerly...."<sup>1</sup> Certainly, A.A. Powers, the president for 1920, was opposed to opening any more new stores until the Co-op had evaluated the progress made to date. But the U.F. Co-op would not agree to enter areas only when they were invited by local inhabitants; it still insisted upon the right to select localities it wanted to develop. Thus, the competition between the U.F.O. and the C.U.C. did not end with the April meeting. In fact, the day after the meeting, Keen received notification that the U.F. Co-op organizers were actively<sup>2</sup> undermining new societies emerging under C.U.C. supervision.

The only accomplishment of the conference was that both sides became more aware of the positions of the other. Keen was disappointed about the inability to work out a compromise method of operation, especially when "raiding" by U.F. Co-op representatives continued:

It seems to be a distinctly unfriendly act on the part of the United Farmers Co. to enter territory which is already being organised for co-operative purposes in conformity with recognized co-operative principles, and under the guidance of a national federation which is recognized as such in the international co-operative movement....

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1. Keen to H.B. Cowan, April 30, 1920, C.U.C., vol. 24, 1920 AK: file "C". The following account is based on this letter.

2. Ibid.

...we have always shown as much willingness to serve the farmers organisations as those of working men.... when the U.F. Co-op was organised, I not only gave my time in Toronto but assisted them by giving them the benefit of whatever experience I possessed, and also obtained their charter and prepared their by-laws for which no compensation whatever was paid....

I consequently feel that the United Farmers in their misdirected enthusiasm for a commercialized chain store type of co-operation are meting out bad treatment to this Union.<sup>1</sup>

During the summer of 1920 the U.F. Co-op continued to expand, and its membership totalled nearly 20,000 members.<sup>2</sup> It also opened new services for its affiliates, including a Live Stock Branch, an Egg and Poultry Department, a Seed Department, a Fruit Department, and a new subsidiary whole-sale department.<sup>3</sup> With such diversity, the U.F. Co-op made it appear virtually impossible for the C.U.C. to be of much use to Ontario farmers. The dreams of creating a strong agricultural wing of the C.U.C., so promising in 1914 and 1915, were apparently dormant in 1920.

As a result of such growth, the U.F. Co-op continued to offer competition to Union affiliates, especially those in Bridgeburg, North Bay, Kingston, and Peterborough. The Bridgeburg experience was typical: organized for the most part by railwaymen and skilled craftsmen in Welland County,<sup>4</sup>

1. Keen to H.B. Cowan, April 30, 1920, C.U.C., vol. 24, 1920 AK: file "C". The following account is based on this letter.

2. M.H. Staples, The Challenge of Agriculture, p. 94.

3. Ibid., pp. 91-92.

4. J.G. Watts to Keen, November 15, 1920, C.U.C., vol. 133, 1920 AF: file "Bridgeburg".

it nearly failed because of the competition of farmer co-operatives. The Welland (City) Farmers Co-operative, an independent society, opened soon after the Bridgeburg society did, and it tended to monopolize most of the co-operative sympathy among farmers. Then, in late 1919, a representative of the U.F. Co-op appeared requesting integration of all co-operative organizations. The U.F. Co-op wanted to take over the Bridgeburg society as well as the Welland (City) Farmers Co-operative, arguing that its province-wide connections would ensure better service. Thus, in contrast to a void a few months earlier, there were, by April, 1920, three organizations competing for co-operative supremacy. In none of the three was there any willingness to pool resources in order to build one strong local organization. Even Keen, an outside observer who had often stressed the importance of co-operators working together, failed to promote any form of union; rather, he was primarily interested in castigating the U.F. Co-op, suggesting that its strength was derived from its association with the United Farmers of Ontario, an institution that had gained more prestige than its knowledge or ability warranted.

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1. Keen to J.G. Watts, April 30, 1920, *ibid.* Along with the problems posed by institutional competition, the Bridgeburg society was confronted with financial difficulties caused by errors made early in its career. Like other stores which started in the same period, Bridgeburg commenced operations by purchasing the entire stock of a retiring grocer for \$2,000 at six per cent. Such a method had the virtue of providing a relatively complete stock located in an established store, but it had the dangerous liability of



As in the case of the other three societies affected by U.F. Co-op competition, Keen played an active role in the Bridgeburg society's struggle to survive. Basically, he tried to show how the U.F. Co-op was deficient in "co-operative science" so that the C.U.C.'s representatives would have some weapons in the battle for consumer allegiance. In this regard, he not only criticized the centralized control of the farmers' society; he also charged that it did not produce adequate statistical records for its members. This omission was serious because it was in direct violation of the co-operative advocacy of frequently publishing complete, easily-read statistics.<sup>1</sup> More importantly, Keen maintained that the U.F. Co-op's tendency to place the needs of the producer ahead of those of the consumer was a violation of basic co-operative philosophy. He pointed to recent U.F. Co-op efforts to resist reductions in the retail price of potatoes and milk as indications of that tendency. The point was that the U.F. Co-op, as it was operating, did not

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placing in the hands of a struggling business an inventory which included much dead stock: after many years in business, any grocer would tend to accumulate numerous items which could not be sold. In the Bridgeburg Co-op and in the other co-ops which started in the same way, this burden proved to be too much, especially when linked with poor management.

The management problem developed because Bridgeburg repeated--against Keen's advice--an error made by other societies: it hired a local, unqualified, but popular man for their manager. His incompetence, the factors already mentioned, and the general business recession in 1921, led to the stores early demise; it closed its doors in 1922. See Keen to J.A. Read, September 13, 1920, ibid.

1. Keen to A.E. Rogers, May 5, 1920, C.U.C., vol. 135, 1920 MW: file "North Bay Coop Soc".

recognize the ultimate importance of the consumer.<sup>1</sup> He concluded his attacks on a practical level by pointing out that six managers had been employed by the farmer society in 1919 and 1920, far too many for any stable, competently-led organization.

Keen's participation helped the C.U.C. affiliates in Bridgeburg and other centres to withstand the competition of the U.F. Co-op; it also kept alive his own animosity toward most of the co-operative enterprises of Ontario farmers. Indeed, the relations between the U.F.O. and the C.U.C. were at their lowest ebb by late 1920. Instead of working for further co-operation generally, the two movements, except for the efforts of W.C. Good, were going their separate ways. Perhaps the most unfortunate aspect of this separation was that the movement was soon to need all its strength: by late 1920 and early 1921, both organizations were confronted by serious economic reverses.

The problems for the Union, as mentioned, began in 1920: in that year and in 1921 no less than eight Ontario affiliates were closed, leaving behind the Brant Farmers, two societies in Hamilton, and one each in Guelph and Woodstock. With their closing went the dreams of a wholesale and the attempt at a provincial section. After a dozen years of effort, the Union had not improved, in a pragmatic

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1. Keen to A.E. Rogers, May 5, 1920, C.U.C., vol. 135, 1920 MW: file "North Bay Coop Soc".

sense, upon its position in 1909. Similarly, the U.F. Co-op bubble started to burst in late 1920 as the organization proved incapable of assimilating the expansion undertaken in the previous two years. T.P. Loblaw left the organization in the spring of 1920 because of impatience with the increasing timidity of the co-op's executive. Shortly thereafter, he began his own very successful chain store system. Replacing Loblaw was not so difficult a task, but finding the many men needed to operate the complex organization he had, in part, constructed was another matter.<sup>1</sup> With numerous departments and a complex system of general organization, the U.F. Co-op was a difficult institution to operate well in the best of times; and by 1921, times were not the best. A steadily-worsening depression, along with the continuous management problem and a decline in enthusiasm throughout the agrarian movement, proved to be too much for the company. Much like the political wing of the U.F.O., it crumbled very rapidly in the early twenties. In 1922 it started to close stores, and in 1923 its losses<sup>2</sup> amounted to nearly \$200,000.

vii

Indeed, 1921 was a bad year for co-operation in Canada

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1. M.H. Staples, The Challenge of Agriculture, p. 93.

2. Good, Farmer Citizen, p. 236.

generally, and for the C.U.C. in particular. The annual statistics for the Union affiliates reveal the decline: twenty-one of the twenty-three affiliates reported sales of nearly two and one-half million dollars in 1920; <sup>1</sup> fourteen of the sixteen surviving affiliates reported sales of under two million dollars in 1921.

None of the regional affiliated movements escaped the decline. British Columbian affiliates appeared to do best simply because four of the five societies joined in 1920 and 1921; but they were all small societies serving mining communities and without the financial power or integration to have much impact. Soon, too, they would feel the effects of the depression that affected other societies somewhat earlier.

The Prairies were even less helpful. The promising, albeit tentative connections with the western movement made between 1918 and 1920 were dead issues, killed by economic problems and by the inability of the Union to send Keen westward. The affiliation with the United Grain Growers had brought the Union little except two hundred dollars annually. Only small agrarian societies in Glenella and Regent, Manitoba; Prince Albert, Saskatchewan; and Leo, Alberta remained affiliated, and there were only two declining workers co-operatives located in Winnipeg and Lethbridge. Neither singly nor collectively could these societies have much

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1. C.C., August, 1921, pp. 8-9.

impact: Leo, Regent, and Glenella were virtually defunct in 1920, and the others retailed in total less than \$200,000 annually. Salvation was not yet to be found on the Prairies.

In Northern Ontario a depressing picture had also emerged by 1921. The directors of the North Bay Society, aided by Keen's arguments in their struggle with the United Farmers, managed to forestall a mass exodus to the farmers organization. But they could not create a strong society; in part, this failure must be accredited to this difficult start under adverse conditions, but, in part, also, the society staggered from the beginning because Keen and the Union provided unfortunate advice on the question of management. Shortly after the society struggled into existence in 1920, a strained relationship developed between the manager and the board of directors. The manager, W.H. Joss, had come to the society, partly on Keen's recommendation, from a co-operative in Dundas, Ontario. As an outsider he had considerable difficulty adjusting to the local situation mainly because of the excessive direction attempted by some of the directors. A heated exchange, in which Keen advised that management must prevail, led to Joss's dismissal and the hiring of a local man.

The new manager inherited a dying society. Aside from the deep split in the membership caused by the management

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1. C.U.C., vol. 137, 1921 LW: file "North Bay Co-op Soc."

problems of 1921, there were increased difficulties because of lay-offs by nearby mining companies and the Canadian Pacific Railway.<sup>1</sup> The resultant economic downturn and the growth of sentiment blaming the C.U.C. for the society's problems, led to its resignation from the Union in May, 1922.<sup>2</sup> Thereafter, until it closed its doors in the mid-1920's, the society was in jeopardy. It rejoined the Union briefly, but its executive never displayed much respect for the national executive, and its officers never took seriously its membership obligations. Thus, as in the case of the Englehart society, the North Bay organization had an indifferent attitude toward the Union; that indifference made it difficult for Keen or Good to build upon the co-operative beachheads that had appeared in the urban North.

Problems were also encountered in the Cobalt society established at the end of the war. There, the lack of business experience on the part of the workers meant that they had considerable difficulty in organizing a reasonable arrangement between the manager and the directors. Distinguishing between the duties of the two levels of management was a constant problem, the directors wanting to dominate all aspects of the store's operation, the manager wanting

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1. C.U.C., vol. 137, 1921 LW: file "North Bay Co-op Soc."

2. C.U.C., vol. 139, 1922 LW: file "North Bay Coop Soc."

to spend most of his time canvassing for new members. To this perennial problem was added the difficulties associated with local strikes that greatly reduced the purchasing power of the membership. The strikes also forced the society to extend excessive credit to members, a practice that imposed heavy burdens on the manager and directors. Following a particularly serious strike, which incidentally destroyed labour unity in the Cobalt area, the society closed its doors early in 1920.<sup>1</sup>

Other frustrating experiences were encountered by the Union executive in their relations with early co-operative ventures in Sudbury and nearby Coniston. In 1918 and 1919, Keen addressed enthusiastic meetings in Sudbury and helped to develop the Sudbury Industrial Co-operative. Organized among Finnish and French-Canadians, the Sudbury society advanced very quickly in early 1919.<sup>2</sup> Then, in October, 1919, Keen, while travelling to nearby Coniston at the invitation of the Mond Nickel Company, visited the Sudbury store. He was horrified by what he saw: the manager was carrying far too much of the store's money on his own person for safety's sake,<sup>3</sup> the store was overstaffed,<sup>4</sup> and the bookkeeping system

1. C.U.C., vol. 134, 1920 GN: file "New Ontario".

2. C.U.C., vol. 132, 1913, 1919 AW: file "Sudbury Industrial Co-op Soc.--1919".

3. Keen to the president, Sudbury Industrial Co-operative Society, November 21, 1919, *ibid.*

4. Keen to H.A. Rouvinen, February 19, 1926, C.U.C., vol. 39, 1926 NW: file "V".

was woefully inadequate. Keen precipitated a special meeting and forced a close examination of the society that revealed a total debt in excess of \$6,000. In 1921 the economic position further deteriorated and so did the relationship with the C.U.C. The society could not pay its dues and showed no willingness to discuss the matter, with the result that it was excommunicated in September of that year.

The attempt to establish a society in nearby Coniston encountered a similarly discouraging end. It started in a very promising fashion, enlisting 100 members and \$2,000 in capital within a few months of Keen's initial visit. Keen, quite enthusiastic about the possibilities, had secured a charter for the organization and was aiding in the search for a new manager when a series of contagious diseases caused epidemics in the community.<sup>1</sup> Among the casualties in this series of epidemics was the movement toward the creation of a co-operative. By spring, 1920, few people in Coniston were interested in creating a society. Along with the cancellation of important meetings because of epidemics, the experiences of the nearby Sudbury society might have played a role; certainly, a mild localized recession in early 1920 did, as did the lack of credit facilities in the projected society, and an international exchange rate making

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1. C.U.C., vol. 132, 1913, 1919 AW: file "Coniston Co-op", and C.U.C., vol. 133, 1920 AF: file "Coniston".



it profitable for members to send surplus money to relatives overseas.<sup>1</sup> Once again a promising start had disintegrated into a disappointing conclusion.

The same pattern of failure was discernible in the Maritimes. To some extent, these eastern problems were not unexpected since Keen had observed difficulties during his 1918 visit. Indeed, shortly after his return, the problems he diagnosed caused disappointments: the first of these was the refusal of the Moncton society to affiliate with the national Union. Despite the best efforts of Keen and L.R. Hollett, its new manager, the Moncton board of directors could see no value in becoming a member.<sup>2</sup> Because of a price war with competitors, the store had little surplus capital,<sup>3</sup> and the directors preferred to use what they had in distributing a patronage dividend. The directors were also uncertain about the business ability of the Union's executive because of the failure of co-operation in the Union's home town of Brantford. The Moncton society, therefore, opted for isolation and turned its back on the organized national movement.

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1. C.U.C., vol. 133, 1920 AF: file "Coniston".

2. Hollett was particularly disappointed by the failure to affiliate and undoubtedly his disappointment had something to do with his return to the British Canadian in late 1920.

3. L.R. Hollett to Keen, July 19, 1919 and reply, October 9, 1919, C.U.C., vol. 132, 1913. 1919 AW: file "Moncton Co-operative Ltd.".

At the same time, the weaker societies in Cape Breton entered difficult days in 1919 and 1920. Even the British Canadian had some difficulties, but, as its problems were related mostly to some inefficient employees, its management proved equal to the situation through the judicious use of dismissal notices.<sup>1</sup> The Sydney society, however, had more serious difficulties, nearly going out of business several times in 1919 and in the early twenties. It did not keep in touch with the Union regularly, even after it became an affiliate in 1922, and its directors were never capable of organizing their society according to the British Canadian standard. Keen suspected that the basic weakness was that the coal company was quietly undermining the store and working for its demise.<sup>2</sup> Whatever the causes, the society was struggling after World War One, and in 1922 it requested amalgamation with the British Canadian as a means of providing efficient management.<sup>3</sup>

The Sydney Mines co-operators refused to take over the Sydney Co-operative in 1922, partly because they were already expanding by opening new branches in other nearby towns and by absorbing the Glace Bay society. Indeed, the success of

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1. W.C. Stewart to Keen, October 16, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "British Canadian Coop (Sydney Mines)".

2. Keen to W.C. Stewart, November 3, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "British Canadian Coop Society--1919".

3. W.C. Stewart to Keen, December 12, 1922, C.U.C., vol. 140, 1923 AK: file "British Canadian Coop".

amalgamation with Glace Bay had undoubtedly stimulated the later request for absorption from Sydney.

The Sydney Mines society was willing to absorb Glace Bay but not Sydney because the former was basically much healthier than the latter. The Glace Bay organization was an old society built on a well-established framework which had become unsteady because of disputes in the executive. When Keen had visited the declining society in 1917 and 1918, he had interpreted the problem as being essentially a political one, stemming from a radical-conservative split on the board of directors.<sup>1</sup> Once that problem was resolved by importing a neutral outside manager, then the society could return to a more prosperous position. That the evaluation had some validity is demonstrated by the fact that by August, 1921--less than a year after the takeover--the dividend<sup>2</sup> was increased at Glace Bay from five to eight percent.

The shrewdness with which the British Canadian approached possible amalgamation with nearby societies is also demonstrated by its unwillingness to unite with the Cape Breton Co-operative, the C.U.C. affiliate in Dominion. Cape Breton had never been a healthy society because it lacked sound business policies based on good bookkeeping and careful

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1. Keen to Stewart, January 7, 1920, C.U.C., vol. 133, 1920 AF: file "British Canadian Coop".

2. C.C., August, 1921, p. 13.

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1. Keen to Stewart, January 7, 1920, C.U.C., vol. 133, 1920 AF: file "British Canadian Coop".

2. C.C., August, 1921, p. 13.

supervision by the directors. As early as 1919, it asked for amalgamation, only to be rejected by the British Canadian.<sup>1</sup> Rather, Stewart, seconded by Keen, recommended the immediate reorganization of the store's management so that past inefficiencies would be avoided. Their advice was ignored, and the store turned elsewhere for aid, notably<sup>2</sup> to the United Mine Workers which advanced a loan of \$3,000. It was not enough: in March, 1920, the society, despite the U.M.W.'s support, went into the hands of a receiver. While both Keen and Stewart regretted this demise, both agreed that it could not have been avoided: as long as neither the membership nor the local leadership had deep co-operative enthusiasm, no outside force could create a strong society.

Another discouraging development of the same period was the failure soon after it opened, of a Halifax co-operative. Over the years, several Haligonians had displayed an interest in the movement, but it was not until late summer, 1919, that a society was organized. Both Keen and Stewart devoted considerable time to advising the new organization, but, by December, 1919, both had lost contact.<sup>3</sup> Keen was

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1. W.C. Stewart to Keen, October 16, 1919, C.U.C., vol. 132, 1913, 1919 AW: file "British Canadian Coop (Sydney Mines)--1919."

2. Stewart to Keen, December 12, 1919, C.U.C., vol. 133, 1920 AF: file "British Canadian Coop".

3. Stewart to Keen, December 19, 1919, C.U.C., vol. 133, 1920 AF: file "British Canadian Coop".

especially perturbed because he had devoted considerable attention for many years to the Haligonian promoters, only to have them ignore him in the crucial early days of organization.<sup>1</sup> He was disappointed, therefore, but not surprised when he heard, in 1921, that the society had closed its doors. He expressed his exasperation as follows:

As in the early days in the old land, our great difficulty is with people who don't know what they don't know. Under conditions so hopeless it passes the wit of man to know what to do. Foolish and inexperienced people insist upon applying our principles without a reasonable hope of success, soon make a mess of it, bring the whole movement into disrepute, and discourage other people elsewhere from endeavouring to apply them.<sup>2</sup>

Thus, in the Maritimes only the strength of the British Canadian kept the future of the movement alive. But one society does not make a movement, and the failure to create strong co-operatives outside of Sydney Mines meant that co-operation was stalemated. A full co-operative program in the Maritimes would have to await the creation of more societies in the mining districts and the support of enthusiasts among farmers, fishermen, and Roman Catholic clergymen.

viii

By 1921, it was clear that the affiliated movements in each of Canada's regions were encountering difficulty.

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1. Keen to Stewart, February 20, 1920, C.U.C., vol. 133, 1920 AF: file "British Canadian Coop".

2. Keen to Stewart, July 4, 1921, C.U.C., vol. 136, 1921 AK: file "British Canadian".

Carter and Keen, perplexed as to what they should do, but certain that something had to be done, called the Union's fourth Congress, with Guelph as the location, for August, 1921.<sup>1</sup> Because of the worsening economic conditions,<sup>2</sup> only delegates from seven Ontario societies were present, and the Congress was primarily concerned with problems that had emerged in the Union's home province. Carter's opening speech was very pessimistic, and he set the tone for the Congress which became an inquest into the reasons why the dreams of 1918 and 1919 had not been realized.<sup>3</sup>

Keen's explanations for the failures were the same as those he put forward throughout the years between 1909 and 1939. As a believer in the co-operative "religion" he could explain failure by only two alternatives: either supposed co-operators had not learned the true sentiments of their faith; or they had made serious blunders through ignorance. Surveying the wreckage in 1921, Keen found ample examples of both sources of weakness, but he thought that

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1. There was some inconsistency in the Union's method of enumerating Congresses. On some occasions, the 1909 Hamilton meeting was called a Congress; on others it was not. For the purpose of this thesis it will be viewed as a Congress.

2. An interested observer was C.R. Fay, formerly of Cambridge and as of 1921, of the University of Toronto. Well known for his book, *Co-operation at Home and Abroad*, Fay was an authority on many forms of co-operation, and at the beginning of his stay in Canada, tried to aid the Union in its work.

3. *C.C.*, September, 1917, p. 7. The following discussion of the Guelph Congress is based upon the report in this issue.

the former cause was the most prevalent. He argued that the lack of true co-operators was demonstrated by the unwillingness of many groups to affiliate with the Union; by the obstinate refusal of many who did affiliate to accept some of the general ideas of the international movement; and by the willingness of numerous sympathizers to associate with such quasi-co-operative organizations as the U.F.O. The end result of this sad state of affairs, was that the Union, as a spokesman for the true principles of the movement, had insufficient funds to perform its tasks satisfactorily.

Other speakers, although more strongly emphasizing such factors as North American materialism, too high expectations by members, and the rural-urban split, generally agreed with Keen's interpretation. To counteract their problems, the Congress, tried to improve both the Union's financial position and its ability to serve member societies. The minimum contribution payable by each affiliate was increased to one dollar per week, and the Union was given the power to expel members who persistently endangered themselves and the movement by following questionable business practices. The latter policy was not adopted as a means of encouraging interference in the affairs of individual societies but to allow the national executives to protect the Union's position as the spokesman for true co-operatism. Finally, the Congress attempted to reinvigorate the Union by issuing an appeal for affiliation by all independent



societies in Canada. There were an estimated five hundred such societies scattered across the Dominion, and the addition of even a small percentage of them would solve the Union's problems.

The Guelph Congress, therefore, marked the realization that the Union was in difficulty and that only the total involvement of the Canadian movement would allow it to survive. It also marked the end of the active participation of Samuel Carter, one of the few men who had made survival possible since 1909. Tired, disappointed, in poor health, and involved in many other activities,<sup>1</sup> Carter refused to stand for re-election as president.<sup>2</sup>

## ix

The new president was W.C. Good whose interest in the C.U.C. went back to the institution's earliest days. Good brought a different orientation from Carter's to the presidency mostly because he was a farmer rather than a manufacturer. In fact, no matter how hard Good tried to understand urban developments--and he was sympathetic to the cause of

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1. Carter, for example, at the time was a Liberal candidate in Wellington South.

2. During 1922, the same factors forced Carter's resignation as president of the Guelph society. Keen to Carter, May 29, 1922, C.U.C., vol. 28, 1922 AG: file "C". His resignation may also have been related to political debates within the Guelph executive. See Keen to Miss Margaret Mackintosh, November 17, 1926, ibid., vol. 38, 1926 EM: file "Mc and Mac".

labour--he always viewed life from the vantage point of the family farm established by his grandfather in 1837. He had been born there in 1876 and, from his earliest years, had been involved in the family struggle to save what could be preserved in times of trouble and to add what could be bought in days of plenty. This involvement with the land and the continuous family remembrance of trials met and conquered meant that Good frequently romanticized and constantly glorified what he thought was pioneer life. As late as 1945, when he sought to explain his general overview of history, he wrote that the pioneers did not need social welfare because, in their time, "the three fundamental factors in production, land, labor, and capital, all went into the same pocket, and were all enjoyed by the same people."<sup>1</sup> Only when this system of interdependence was replaced by the age of specialization did class warfare begin as groups started to compete for the wealth available. The ultimate solution for this warfare, Good believed--and essentially he argued the point all his life--was the establishment in modern industrial society of "something akin to the pioneer family, a bigger family, the family of all peoples, owning in common the resources on which they labor...."<sup>2</sup> It was this romantic agrarian utopianism that made Good

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1. Undated paper, without title written by Good. C.U.C., vol. 122, 1945 GK: file "G Miscellaneous July 1st to Dec. 31st/45."

2. Ibid.

initially sympathetic to the co-operative movement, and it was the same sentiment that made him a committed, respected leader of it.

But Good brought more than sentiment to the co-operative movement. Although an excellent farmer committed to his profession, he had deep interests in subjects unconnected to agriculture. He had been a very good student, and he had thrived on the rigorous physical and mental examinations imposed by the rural schools of late nineteenth-century Canada. In 1900, he had graduated with distinction from the University of Toronto, that Oxford of colonial Ontario, and had turned after graduation to teaching and part-time farming. He had taught various hybrids of the sciences at Ontario Agricultural College for two years before returning permanently to the farm. Good garnered two important aspects from his experiences at O.A.C.: he became impressed with the advances of modern agronomy, and thereafter was always one of the province's most progressive farmers; and he became aware of the potential strength of the various farmers movement on the Canadian scene at the turn of the century. In many ways, Good always believed these two factors--sound agronomy and strong organization--were the keys to the success of the agrarian movement.

Good's accession to the presidency was the result of his work on behalf of Canadian farmers and of a long association with George Keen. He had been an important figure in

agrarian ranks since the turn of the century, having often been on the executive of the Grange, and, along with E.A. Partridge and R. McKenzie, having helped to draft the first constitution for the Canadian Council of Agriculture.<sup>1</sup> He was a member of the reform wing of agrarianism, advocating improved educational facilities in rural districts, better agricultural techniques, increased political activities among farmers, and taxation reform in keeping with Henry George's Single Tax philosophy.<sup>2</sup> In 1919, when wide-spread discontent in rural Ontario produced the United Farmers of Ontario, Good, along with E.C. Drury and Manning Doherty, had drawn up the platform for the provincial movement.<sup>3</sup> In the same year, he had been nominated to run in North Brant for the National Progressive party in the next federal election, not called until 1921. Between his nomination and the election he had remained active by serving as an unofficial advisor to E.C. Drury, the United Farmers movement generally, and other agrarian organizations.<sup>4</sup> He had also become closely involved with the C.U.C., partly because of his

1. The Grain Growers Guide, December 1, 1909, p. 14.

2. See Good, Farmer Citizen, pp. 61-71, 90-99, and 115-119.

3. M.H. Staples, The Challenge of Agriculture, pp. 147-150.

4. Good, Farmer Citizen, pp. 120-123 and E.C. Drury, Farmer Premier, Toronto, 1966, pp. 83-88.

attempts to reform the U.F. Co-op and partly because of George Keen's value as a political ally.

Keen was valuable to him politically during 1921 because he was well known for his work with the Brantford Trades and Labour Council and because he was a skilled propagandist with experience in earlier elections.<sup>1</sup> Keen, in turn, was anxious to help Good, whom he thought an excellent candidate without the narrow view of most farmers.

Keen was free to work on Good's behalf because the Brantford T.L.C. was politically dispirited and deeply divided. The reason for the division was Morrison McBride, the labour representative elected to the Ontario Legislature in 1919. McBride was a very ambitious representative who had demanded a cabinet appointment shortly after his election. Amid the tumult and uncertainty following the U.F.O. victory, he might have secured the appointment except that his bluntness had antagonized first the elected labour representatives and then Drury himself.<sup>2</sup> When the furor settled down and McBride found out that he would not receive the appointment, he had crossed the legislative floor and sat

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1. Keen to J.L. Counsell, November 22, 1921, C.U.C., vol. 26, 1921 AJ: file "C".

2. J. Simpson to Keen, November 6, 1919, C.U.C., vol. 23, 1919 LY: file "S". See also E.C. Drury, Farmer Premier, p. 88.

as an Independent.<sup>1</sup> His actions had been supported by the Brantford T.L.C. which, at first, was informed only by McBride. Gradually, however, the other side of the story had become known, and the T.L.C. had broken into factions over McBride's actions. The rift had not sealed enough by 1921 to make the organization effective for the federal campaign; in fact, the T.L.C. never recovered its past political strength.

Keen did not think that either he or Good was breaking the co-operative principle of political involvement in 1921 for three reasons. Firstly, neither man made any attempt to involve co-operative organizations in their activities, and each made it clear that he was not involving the Union in the campaign. Secondly, Good was not a conventional politician, and, as will be discussed below,<sup>2</sup> his political ideas were derived more from co-operatism than from the common political ideologies. And thirdly, private involvement in federal politics by the two men was made acceptable by the inability of the provincial Progressives to meet the movement's limited political needs.

The Drury government's failure was caused only in part by the Canadian constitutional strait-jacket. A more serious

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1. McBride's career, however, was not ended. He went on to become Mitch Hepburn's Labour Minister following the 1937 provincial election. N. McKenty, Mitch Hepburn (Toronto, 1967), p. 139.

2. See pp. 367-372.

factor was the government's basic instability. A government that never expected to be elected, divided between labourers and farmers, split over the "broadening-out" controversy, it never could cater well to such reforming forces as the co-operative movement; too involved in the "juggling act" which kept it alive, it could not risk the chance of endorsing or aiding the C.U.C.

The C.U.C. executives, nevertheless, were very sympathetic to the U.F.O. movement, and especially to its leader, E.C. Drury. To George Keen, Drury was "a man of moderate ideas but of fine character and great natural and cultivated capacity";<sup>1</sup> to W.C. Good, he was a dedicated, sincere man caught in a very difficult political situation. The problem, as both men saw it, was that his followers did not generally reflect his "own high sense of duty."<sup>2</sup> Keen, in particular, distrusted the class enthusiasm arising out of their political success. He feared, and his fears proved justified, that they would "be stampeded and his [Drury's] authority discredited through the influence of the agitational wing of the farmers' movement much closer in touch with the rank and file...."<sup>3</sup> Perhaps an idealistic, well-organized federal

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1. Keen to J.L. Counsell, June 21, 1920, C.U.C., vol. 24, 1920 AK: file "C".

2. Keen to E.C. Drury, February 19, 1920, ibid., vol. 25, 1920 LZ: file "P".

3. Keen to J.L. Counsell, June 21, 1920, ibid., vol. 24, 1920 AK: file "C".

movement, free from class consciousness, might provide the support that Drury required provincially. At least, Good and Keen hoped so when they started to campaign in 1921.

The work undertaken by the two men for the election cemented a strong bond of affection and respect that had started before World War One and that would last until Keen's death in 1952. Indeed, so much alike were their outlooks that separating them intellectually is nearly impossible. In the writings and speeches of both, the influence of the other can be discerned, and throughout their years of partnership, no significant difference of opinion developed. From 1921 onward, but even before, the two men conversed frequently, either through "telephonic communication" or when either made the short trip to the other's home. It was a rewarding and an effective partnership that began officially during the election and at the 1921 Congress; in fact, the creation of the alliance was one of the few good things that happened to the Union in that year.



## CHAPTER SEVEN

### THE UNION TURNS TO THE HINTERLAND:

#### FROM THE CONGRESS OF 1921 TO THE CONGRESS OF 1924

We are at the parting of the ways. Unless the co-operative societies of Canada during the current year become more generally interested and appreciate the need not only of financing our present outlay but of providing the funds for more aggressive educational and organisational activities, I shall have no alternative but to abandon completely the labors of fifteen years. I shall have reached the limit of what sacrifices it is possible for me personally to make for this movement.

George Keen to H.J. May, March 10, 1924,  
C.U.C., vol. 33, 1924 HY: file "I".

Co-operative experience the world over points in one direction. It is that permanent success is dependent upon the quality of the co-operative intelligence and devotion of the people. That intelligence and that devotion is developed locally. The weak feature of our marketing pools is that they are centrally organised and based upon leadership instead of the cultivated judgment and experience of the general body of farmers expressed through local organisations in provincial and federal federations. In my judgment, therefore, those forms of co-operative effort which are best calculated to provide experience and opportunities for the development of local talent and sound business judgment, and to foster the co-operative success should be cultivated. They are the consumers' co-operative societies and co-operative credit societies.

George Keen to W. Waldron, January 4, 1926,  
C.U.C., vol. 36, 1926, AC: file "A".

The Congress of 1921 did not resolve the Union's problems; it simply identified a few of them. Perhaps most of the problems were beyond the Union's power to solve. In 1921 and 1922, Canada was caught in a severe, though brief, depression. Banks were forced to use some of their reserves to overcome losses, prominent banks were forced to close, the net worth of failing businesses increased from \$10 million in 1919 to nearly \$80 million in 1922,<sup>1</sup> and unemployment approached the 300,000 figure.<sup>2</sup> The sudden ending of the period of inflation--a sudden ending partly induced by the federal government over-reacting to inflation--was a major reason for the failure of so many societies. So, too, was the decline of unionism, caused by the fall of the "One Big Union" idea, the closing of such labour newspapers as The Voice in Winnipeg and The Industrial Banner in Toronto, the emergence of deep political divisions within labour circles, and the debate over international unionism. The trades union movement in the small towns of Ontario--the towns in which the Union was hoping to build its movement--became

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1. Canadian Annual Review, 1922, p. 519.

2. Ibid., p. 568.

particularly fragmented, thereby contributing to the collapse of many Union affiliates.

The Union executives, however, never accepted the notion that they were nearly powerless in the fight to save consumer societies. Although recognizing the general hostility of the environment in which they worked, they thought that each failure could have been avoided if the co-operators involved had followed cautious business policies. Being strong advocates of living within one's means, Keen and Good had only one cure for societies suffering in a depression: cut expenses until they could be paid out of sales. When societies did not follow this simple maxim, then they were deficient in co-operative "science" or spirit: members were not loyal; boards of directors did not work hard enough; or managers did not search for economies sufficiently. Perhaps more than in any other respect, this attitude of the executives toward failure revealed how segregated from the rest of the world they believed co-operative societies to be.

This approach to failure was, of course, inadequate, but it was a partial delusion that made continuation possible. Many people--and the departed Samuel Carter may have been one of them--concluded from the decimation of Ontario societies that distributive co-operation was impossible; that what worked in Great Britain did not necessarily work in Canada. But Good and Keen did not believe this: for them, the cause was right, the rules were correct, only the people were

deficient. In short, the Union in the early twenties returned to its ultimate defence--the faith of the mystic co-operators.

## 11

The 1921 Congress, called essentially to consider the problems in Southern Ontario, proved incapable of resolving the difficulties. With that failure and the Union's inability to attract new affiliates--only two small societies in British Columbia and a struggling Brantford society were added in 1922--the C.U.C. found itself in financial difficulty. There were not enough societies from the Prairies yet affiliated to provide much income, and the affiliates in all other regions were encountering difficulty. The consumer societies in British Columbia, Northern Ontario, and Southern Ontario were all retreating in disarray, leaving their would-be generals in Brantford without men or equipment.

British Columbia at first seemed to present some strength in 1922. As mentioned,<sup>1</sup> during the prosperous years after the war, the movement had forged ahead rapidly on the west coast and in the Rockies. As the co-operatives emerged, many of their leaders, especially those with British backgrounds, asked how the Union might help them. In

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1. See pp. 279-281.

response, Keen suggested the formation of a provincial section. Thus, in April, 1922, representatives of about a dozen societies, four of them affiliated, met in Penticton to plan the formation of a provincial section.<sup>1</sup> Plans acceptable to the Union's executive were formulated,<sup>2</sup> and it looked as if the movement was soon to be on a sound footing in British Columbia.

No sooner had the societies laid their plans than the depression began, destroying many promising societies and inhibiting others. Among the C.U.C. affiliates, nearly all encountered trouble during 1922. Far north in the Rockies, the small society in Dawson Creek ran into financial difficulties caused by poor management and uncertain wholesale arrangements, and it finally resigned from the Union in 1923.<sup>3</sup> In 1922, Nanaimo, torn by divisions in the executive, went into bankruptcy.<sup>4</sup> Fernie, one of the stronger societies, was perplexed by a constant pilfering problem that was never satisfactorily explained, by competition from a nearby unaffiliated Italian co-operative, and by a declining coal

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1. See correspondence between Keen and the Secretary, the Kamloops Cooperative Association, C.U.C., vol. 138, 1922 AK: file "Kamloops Coop Assn."

2. Keen to Good, und., G.P., vol. 5, Correspondence: file "1922 GK".

3. C.U.C., vol. 138, 1922 AK: file "Dawson Coop (Prince Coupe B.C.)" and vol. 140, 1923 AK: file "Dawson (B.C.)".

4. C.U.C., vol. 139, 1922 LW: file "Workmen's Coop".

industry.<sup>1</sup> The next year, during February, its problems were further complicated by a serious fire that destroyed most of its stock.<sup>2</sup> Kamloops made satisfactory progress, but its management was thrown into a turmoil by a scandal involving its manager, a man from Eastern Canada who had been highly recommended by George Keen.<sup>3</sup> Unfortunately, the manager, who had been a model citizen in Georgetown, Ontario, had deserted his wife while moving west and had found another companion without consulting a clergyman. The directors of the Kamloops society did not find out about the deception until some time after his appointment; once they did, a crisis developed within the society. Thus, a mixture of moral turpitude and economic difficulties led to the termination of British Columbia's first effort at creating a provincial section. Co-operation in the Far West would remain divided and isolated.

In Northern Ontario, all the societies formed following the war had left the Union by 1922. Keen did make two trips north in that year at the request of groups in North Bay and Timmins, but stores did not immediately develop. Similarly, the remaining societies in the Maritimes, to be discussed below, encountered adverse conditions and could not help the

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1. C.U.C., vol. 138, 1922 AK: file "Fernie".
  2. C.U.C., vol. 140, 1923 AK: file "Fernie Industrial".
  3. C.U.C., vol. 138, 1922 AK: file "Kamloops".

C.U.C. financially. The established Canadian mining towns and the mining frontiers still possessed the abuses that made co-operation attractive, but the miners, weakened by strikes and lay-offs, did not have the money to make it possible.

In fact, there was little or no money available among the Union's affiliates in 1921 and 1922. By the time the Woodstock Congress was convened during September, 1922, the financial position of the Union had deteriorated disastrously. Keen was owed over one thousand dollars for overdue salary, and there seemed to be little hope for the type of expansion needed to make the Union viable. During the preceding year, two circulars had been sent to the six hundred nominally co-operative societies scattered throughout the Dominion, but they had failed to elicit any significant response. Nevertheless, the Congress, hopeful if nothing else, insisted that further appeals be sent out.<sup>1</sup> The Congress also insisted on petitioning both the federal and provincial governments for aid, arguing that the large grants made to farmers' producer co-ops were to some extent wasted because farmers paid so much for the goods they consumed. Moreover, the Congress argued, governments, if accepting the principle that co-operation was valuable, should devote more time to consumer co-operatives because they were applicable to all

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1. C.C., October, 1922, p. 7.

Canadians, including labourers.<sup>1</sup> But such appeals could not resolve the financial problems of the Union. Unaffiliated societies would remain independent until they had a conversion to the complete co-operative philosophy or until they became convinced of the practical value of joining the Union; governments, oriented toward the farms and unconvinced of the need for urban co-operation, would not accept the principle of subsidizing the C.U.C.

The Congress did open up one avenue for funds, an avenue which eventually proved to be profitable. Following a suggestion made to Keen in a letter from an Albertan co-operator, the co-operators at Woodstock altered the Union's rules to allow individuals to become honorary members on payment of an annual fee of two dollars.<sup>2</sup> This innovation resulted in the addition of a few memberships, but, more significantly, it stimulated a search by the C.U.C. executive for wealthy patrons. This method of financing had been very important for the survival of the movement during its early days in Great Britain and the United States. In the latter country, for example, J.P. Warbasse had contributed much of his own fortune and had been successful in attracting several wealthy patrons. In Canada, because the leadership was so enamoured with the concept of self-help, only half-hearted canvasses had been made in the past. Eventually,

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1. C.C., October, 1922, p. 15.

2. Keen to J.L. Counsell, October 2, 1922, C.U.C., vol. 28, 1922 AG: file "G".



this search for a patron would have some success.

But donations received years later did not resolve the problems of 1922. Aside from the advantages of commiserating with fellow co-operators, the 1922 Congress offered little immediate help. How could it? The only societies represented were two in Brantford (the Brant Farmers and the Brantford Industrial), two in Hamilton, and one each in Woodstock and Guelph. Only Guelph was in an apparently strong position, and even it was selling less in 1922 than it had in 1921.<sup>1</sup> Most of the delegates were women interested in furthering women's guilds among the societies: these ladies were attentive, attractive, and talkative, but they were also powerless. The men were not in a much stronger position: they had no money, represented crumbling societies, and they lacked rich friends. Perhaps it was the most discouraging Congress in Union history.

Conditions became worse. By the end of 1923, only Guelph and Woodstock remained as the last bastions of the efforts begun in Southern Ontario during the early years of the century. The failures of the two societies in Hamilton and the one in Stratford--failures that took place in early 1923--were not serious blows in that none of them was particularly strong: the largest was one of the Hamilton societies which retailed a mere \$43,000 in the good year of

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1. Its sales dipped about twenty percent to just over \$200,000. C.C., August, 1922, pp. 8-9.

1921, and the total for the three societies was under \$100,000 in the same year.<sup>1</sup> But the failure of the two Brantford societies, one in early 1923, the other in 1924, were regarded as serious set-backs because they marked the termination of the Union's second effort in the area immediately around its home office.

The two societies in Brantford were the Brant Farmers and the Brantford Industrial. The former, established in 1914, had prospered until 1921 when it started to encounter difficulties; the latter was a young society organized to meet the consuming needs of Brantford labourers. The Brantford Industrial had emerged during the period of co-operative enthusiasm following World War One. The Brantford Trades and Labour Council, anxious to placate consumer unrest and stimulate labour solidarity, had sponsored a meeting of interested citizens, mostly labourers, during November, 1920. After discussing the potential of consumer co-ops, the meeting elected a committee, consisting mainly of workers and housewives, to carry out organizational activities. Keen proffered advice to the committee, carried out incorporation, and undertook some publicity work, but he carefully abstained from playing any major role.<sup>2</sup> By the summer of 1921, the

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1. C.C., September, 1922, pp. 8-9.

2. See C.U.C., vol. 133, 1920 AF: file "Brantford".

society was functioning, just in time to be seriously affected by the depression.

As the depression created difficulties, other problems also arose: the members did not patronize the organization; once again Brantford co-operators found that they had hired a poor manager; and routine business, such as the maintenance of good statistics, was ineffectively conducted.<sup>1</sup> The only strong feature of the society was an active women's guild-- one of the few to emerge in Central Canada during the Union's history. Partly because of the activities of members of George Keen's family, the guild carried out many of the functions the Union envisioned for such organizations: it provided social events for the society, petitioned all levels of government in the interest of consumer affairs, and stimulated the creation of the Canadian Federation of Co-operative Women's Guilds in late 1922.<sup>2</sup>

Nevertheless, the guild could not save the struggling society. Attempts were made to unite the organization with the Brant Farmers Co-operative in late 1922, but they were not successful. When the latter failed in 1923, the society tried to gain the support of the farmers, but one experience with co-operation was enough for them. By March, 1924, the

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1. See "Director's Report", September 28, 1921, C.U.C., vol. 136, 1921 AK: file "Brantford".

2. See C.U.C., vol. 138, 1922 AK: file "Brantford". The Federation remained active until 1924, but it never attracted significant support.

society was too weak to survive and it was closed down. The Brantford Women's Guild continued to function for a while and was successful in maintaining low coal costs, but even it faded into inactivity during 1925.

The Brant Farmers had a more tragic history, more tragic because it was, in 1921, basically a strong society. Three fundamental problems caused the collapse of the society: the purchase of a building far beyond its needs; a manager who, through carelessness and/or theft, lost about \$7,000 for the society; and the depression which made the amassing of new capital nearly impossible.<sup>1</sup> In 1920 the society purchased a large block from Dominion Flour Mills, hoping that after investing \$15,000 in renovations, it would be able to lease most of the premises at a profit. Until the depression came, this idea proved to be workable, but, by 1922, most of the tenants had been forced to close, leaving the society with a large, expensive building to maintain.

The unfortunate experience with a manager occurred in 1920 and 1921 when one A.J. Thompson was hired, just as the society was moving to its new premises. Amid the turmoil of the move, the directors did not keep a close surveillance upon the new manager. Thompson's first report seemed satisfactory, partly because the society, despite

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1. For detailed, voluminous correspondence on the Brant Farmers, see G.P., vols. 4, 5, 6, and 14. See also K.P., vol. 3 and 4 and C.U.C., vol. 28, 1922 AK: file "B" and vol. 30, 1923 AM: file "B". The following brief account is based on these records.

warnings by Keen, persisted in using an outmoded bookkeeping system.<sup>1</sup> It was not until late 1921--at about the time the depression started in the Brantford area--that a stock-taking revealed that Thompson had hidden losses amounting to \$7,000.<sup>2</sup> Further close examination of the records revealed that all but \$2,000 of the society's \$25,000 in capital had been used.<sup>3</sup> The manager was guilty of fraud if not worse, and proceedings were started against him only to be stopped by a timid district attorney.<sup>4</sup>

More importantly, the society, most of its resources gone and its expenses continuing high, could not find capital with which to meet its responsibilities. It struggled through 1922 but was forced to close its doors in 1923. Its closing marked the end of the Union's first serious efforts among Ontario farmers and one of the last major attempts to establish a store in the Brantford area.

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While the Union was suffering its series of losses in Southern Ontario between late 1921 and early 1923, the United Farmers Co-operative was reeling from a series of even

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AK: 1. Keen to Good, December 19, 1922, K.P., vol. IV, 1922 file "Brant Farmers Co-op Assn".

2. Good to the stockholders, August 4, 1922, ibid.

3. Ibid.

4. A.M. Harley to W.E. Raney, March 17, 1922, ibid.

greater blows. A combination of depression and extravagant management caused a loss in operations of over \$300,000 in 1921 and a further loss of \$56,000 in 1922.<sup>1</sup> Unable to withstand such deficits, the U.F. Co-op decided in early 1923 to close or dispose of all its stores. The dreams of rapid expansion, so promising in 1919, had proved to be nightmares four years later.

The C.U.C., though long aware that a sudden collapse could take place within the U.F. Co-op, was dismayed when it took place so quickly. Good and Keen were very concerned about the bad reputation for co-operation that would generally accrue from the closing of so many stores. As George Keen put it:

Every store described as a "Co-operative" which is closed...does us more injury than all the efforts which are made by organisations or persons selfishly interested in obstructing co-operative development.<sup>2</sup>

The C.U.C. offered once again to aid the U.F.O., this time in reorganizing their affiliates under local ownership. The Union had had some success in the Prairies during 1922 and 1923 in helping farmers develop their own stores<sup>3</sup> and believed it might be able to duplicate this success in Ontario. Once again, however, the U.F.O. rejected the advances of the

1. C.C., January, 1923, pp. 10-11.

2. Keen to Good, July 12, 1923, G.P., vol. V: file "Correspondence 1923 AF".

3. See p. 390ff.

C.U.C., as they were put forward informally in 1923<sup>1</sup> and formally in 1924.<sup>2</sup>

The wide-spread, though not total, failure of the U.F.O. during the 1920's was a very serious blow for the C.U.C. in Ontario. Thereafter, farmers were very sceptical about co-operation, especially in its distributive form. The C.U.C. did manage, however, to affiliate three of the societies abandoned by the U.F.O. The most persevering of these was located in Port Rowan, a village on the shores of Lake Erie south of Brantford. Keen helped to convert this society to a locally controlled institution during 1923,<sup>3</sup> and he was rewarded by Port Rowan becoming a relatively stable, generally strong, C.U.C. supporter throughout the 1920's. Similarly, Welland in Southern Ontario and Englehart in Northern Ontario migrated to the ranks of the Union as the U.F.O. deteriorated. They helped to assuage the Union executive during the period when co-operation fell on evil days in rural Ontario.

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Despite the additions of the three small societies, the Union executive regretted the collapse of the co-operative

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1. Keen to Good, July 12, 1923, G.P., vol. V: file "Correspondence 1923 AF".

2. Good, Farmer Citizen, pp. 236-237.

3. C.U.C., vol. 141, 1923 LW: file "Port Rowan".

efforts among the Ontario farmers. The collapse, after all, meant that the Union had little hope of making rapid growth in Ontario and that its executives had been unable to capitalize upon a good opportunity: in a country like Canada, where co-operative enthusiasm fluctuated wildly according to time, condition, and place, such lost opportunities were particularly discouraging.

Serious as it was, the economic collapse was only part of a wider failure. The farmers movement in Ontario was much more than a move for economic reform; it was also a utopian reform movement seeking to infuse society with all of the agrarian virtues. At the same time as the economic wing was failing, so too were the political and reform wings. It is difficult to know which of the failures was more depressing to those mystic co-operators, W.C. Good and George Keen.

The disenchantment of the two men with the political arm of the U.F.O. deepened during the early twenties. One reason for the decline was that Drury and his associates refused to support Good and Keen in their struggle to make the U.F. Co-op more decentralized. That dispute continued during the early twenties, gaining more momentum as the farmers' organization encountered financial difficulties and as it became more of an agent of capitalism dealing with a specific market. Keen and Good both tried to make the point that Drury could not afford to ignore the problems appearing



in the U.F. Co-op because, as Keen put it:

You cannot get the public to distinguish between the political and economic sides of the farmers' movement. Officered to some extent by the same men and working in mutual sympathy, and the political and economic movements being advanced from the same platform, any weakness shown in one is bound to sap the strength of the other. Undesirable methods followed on the economic side will be worked<sub>1</sub> to the limit by your opponents in political campaigns.

Nevertheless, because he was already arguing with the U.F. Co-op leadership over the "broadening-out" controversy,<sup>2</sup> Drury was unable to take any steps, even if he wanted to, to aid in the dispute over decentralization. Similarly, Drury, whatever his sympathies, was unable to give material assistance to the C.U.C. In January, 1922, as the Union began to face acutely difficult times, Good asked Drury for direct financial aid from the government for George Keen's efforts. Good asked only for a temporary grant of \$1,000, believing that the reforms of the Guelph Congress would soon permit the Union to finance itself.<sup>3</sup> Drury was unable to fulfill the Union's request, even after Good pressed the matter in a private meeting:

...I saw the Premier the other day in regard to a temporary grant to the Co-operative Union, and he at once referred to the howl which would be set up by the retail merchants if such a grant were made. I think you can appreciate his position. I was not very hopeful of getting very much, particularly from a

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AJ: 1. Keen to Drury, May 30, 1921, C.U.C., vol. 26, 1921 file "D".

2. See E.C. Drury, Farmer Premier, pp. 94-95.

3. Good to Drury, January 16, 1922, C.U.C., vol. 28, 1922 AG: file "W.C. Good".

Government which has to steer its way very carefully along the line of least resistance.<sup>1</sup>

Drury's inability to make the U.F.O. a very progressive government was further reflected in the failure of Good's efforts on behalf of proportional representation. Shortly before the 1923 provincial election, Good tried to commit the U.F.O. to legislation implementing electoral reform. Almost immediately, he had some "rather unpleasant disillusionments."<sup>2</sup> Drury was quite sympathetic to the proposal, but many of his followers were not.<sup>3</sup> After all, one of the reasons why so many U.F.O. members had been elected in 1919 was the disproportionate representation given rural ridings in the provincial Legislature. More than a third of the U.F.O. members opposed the suggested reform, believing that its introduction would politically destroy them. So much opposition within his own party meant that Drury, whatever his own views of the matter, could not push for its adoption.

Good, the true idealist, could not agree, simply because the acceptance of "dice loaded in their favour" by the farmers proved their "tacit concurrence in what was"<sup>4</sup> essentially undemocratic and wrong". Having closely and

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AG: 1. Good to Keen, June 20, 1922, C.U.C., vol. 28, 1922  
file "W.C. Good".

AH: 2. Good to Keen, January 16, 1923, ibid., vol. 30, 1923  
file "W.C. Good".

3. Good to Keen, January 20, 1923, ibid.

(G)-1923(F): 4. Good to Drury, January 16, 1945, G.P., vol. 5, 1922  
file "Correspondence-1923 F".

scornfully observed the machinations of party politics in Ottawa for two years, Good was also quick to charge that the Ontario Progressives were falling into the worst habits of competitive politics. In particular, refusing to stand for the principle of completely democratic elections meant that the movement was controlled by a minority of its most selfish members. He complained about this feature in the following way to E.C. Drury:

These men would force you to be disloyal to your own convictions and to the welfare of the province, disloyal to the principles and platform to which you are pledged in order to serve their selfish ends. And would you in payment for a support which could be withheld only out of spite, sacrifice your own convictions, prevent the legislature from expressing its will in the proper way, and tie up the province for another four years to an antiquated method of voting?

Your government and supporters, both individually and collectively, have now an opportunity of doing something worth while, of doing something magnanimous, by being true to the principles of electoral fair play. And what matters if some few members are called upon to "sacrifice their political future?" What would we have thought of our soldiers if their first consideration had been to save their own skins? How many battles would have been won if that attitude had prevailed? And surely we are called upon to risk something in the present battle for justice, fair play and truer democracy.

Even in this case, however, the risk cannot be great. A few self-seekers may be alienated; but you will gain the confidence and support of thousands who have no selfish interests to serve. Some may fall in the battle, but the cause of freedom will be advanced and ultimate victory will be nearer. As a personal friend I could wish nothing better for you than that you should come out boldly and appeal to the more magnanimous, rather than truckle to the selfish and small-minded.<sup>1</sup>

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1. Good to Drury, January 16, 1945, G.P., vol. 5, 1922 (G)-1923(F): file "Correspondence-1923 F".

Drury, to some extent, eventually agreed. He accepted the notion of the transferable vote,<sup>1</sup> but opposed any attempt to make a rural vote equal to an urban one.<sup>2</sup> He introduced a bill to enforce transferable voting in April, 1923, only to have it stymied by the filibustering by the Conservatives who stood to suffer most from its implementation. After two weeks of these delaying tactics and after a mild scandal partly precipitated by J.J. Morrison, Drury, in a fit of anger, prorogued the Legislature.<sup>3</sup> In doing so, he directed his movement toward certain defeat. Thus, at least for him, it cannot be said that he completely avoided political reform because of personal considerations.

Keen and Good watched the débâcle of the U.F.O. with considerable regret. Keen believed that the basic reasons for the fall was the continuing efforts by many U.F.O. leaders 'to climb the ladder of "class consciousness" to personal success....'<sup>4</sup> One cure for this problem, he believed, would be a greater scrutiny in the selection of candidates; another would be the education of the rank and file so that they would not be so easily misled.<sup>5</sup> But, above

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1. Good, Farmer Citizen, pp. 76-77 and p. 155.

2. Ibid., p. 152.

3. Ibid., pp. 154-155.

4. Keen to Good, January 18, 1923, C.U.C., vol. 30, 1923 AH: file "W.C. Good".

5. Ibid.

all, Keen wanted the senseless bickering caused by class consciousness to end so that a true coalition of moderate reformers would be organized in Ontario and throughout the country.<sup>1</sup> Otherwise, such Liberal politicians as Mackenzie King, building upon successes already achieved, would attract the weak-willed through appeals to self interest:

The greatest danger will not...be immediate secessions but intrigues sub rosa with the view to boring from within the ranks to disrupt the Progressive Party.<sup>2</sup>

Keen and Good, dispirited by the rapid decline of the U.F.O., nevertheless did what they could to aid this provincial movement in the 1923 election. Both aided Harry Nixon in his campaign in Brant County, with Keen helping<sup>3</sup> considerably in organizing Nixon's appeal to labourers. Their efforts on Nixon's behalf probably helped him in his re-election, but ultimately there was little that could be done for the provincial movement generally. As even Drury had expected,<sup>4</sup> the U.F.O. lost heavily, its number of seats dropping drastically from forty-five to seventeen, thereby allowing the rejuvenated Conservatives to come back to office.

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1. See also Keen to Good, April 19, 1923, C.U.C., vol. 30, 1923 AH: file "W.C. Good".

2. Keen to Good, January 18, 1923, ibid.

3. Keen to Good, May 11, 1923, G.P., vol. 6, 1923 (G)-1923 (F): file "Correspondence 1923 GK".

4. E.C. Drury, Farmer Premier, p. 160.

The failure of the U.F.O. was only one reason why the C.U.C. became more dissatisfied with politics as a method of change during the 1920's.<sup>1</sup> Good's experiences at Ottawa were also very disillusioning, mostly because he went there with such high expectations and with such eagerness to participate. He soon found out that Parliament, primarily because of the party system, was not a forum for clear, dispassionate debate about the issues confronting the country. In a letter to the editor of The Brantford Expositor, shortly before his parliamentary career ended, he wrote:

...I may remind you that while Parliament ought to be a deliberative assembly, it is largely not so, owing to the Party System. Consequently, one must frequently completely disregard the members of the House, and speak over their heads to the people of Canada. If one hesitated to speak and act lest he incur the hostility of the majority of members here, he might as well go back home; he is no use in Parliament except as a rubber stamp.<sup>2</sup>

Good reached that conclusion following several resounding failures to influence government policy. He made an honest attempt to be a useful member of Parliament, willing to debate issues on a basically non-partisan level, but his efforts were to little avail. His problems were partly caused by his continuous preoccupation with moral problems, such as race track betting, not thought very significant by

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1. For a more complete summary of Good's activities while a member of Parliament, see Farmer Citizen, pp. 124-151.

2. Good to the editor, The Brantford Expositor, May 6, 1925, C.U.C., vol. 34, 1925 AG: file "W.C. Good".

most Canadians. In a time when the Social Gospel was declining as a force in Canadian society,<sup>1</sup> there was little hope in stimulating wide-spread crusades sufficiently large<sup>2</sup> to force reform. Only a few Canadians such as George Keen, kept the old reforming faith.

But Good's major efforts were not devoted to the more isolated aspects of the early twentieth-century Canadian reform tradition. The subject upon which he spoke longest and most passionately was the tariff, probably the most important single issue for Canadian reformers of Good's generation. He appealed frequently for a calm re-examination of the entire Canadian tariff structure, charging that the Liberals, by vacillating on the issue since the 1890's, had deliberately made debate on the subject cloudy and interminable. He also believed that Liberals as well as Conservatives had taken positions because of regional considerations and not because of basic national interest. The result of this sham and petty provincialism was that the majority of Canadians had not shared as high a standard of living as they should have, and that animosities for societies, stimulated by inequalities, were constantly growing. The ultimate result, unless some immediate revision was made, would be the disintegration of Canada.

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1. A.R. Allen, "The Social Gospel and the Reform Tradition in Canada, 1890-1928", The Canadian Historical Review, December, 1968, pp. 397-399.

2. Keen to Good, March 5, 1923, C.U.C., vol. 30, 1923  
AH: file W.C. Good".

Good's attacks on the Canadian tariff system had some basis in his co-operative philosophy. He saw protective tariffs as aspects of narrow, competitively-oriented economic nationalism. As such, it contradicted the "fundamental truth that trade is a form of co-operation, and that, as civilization progresses, independence is replaced by interdependence."<sup>1</sup> In other words, trade was international in scope, and the best way to develop natural resources for human consumption was to let governments, after dispassionately reviewing the relative resources of each nation, decide what economic activities should be concentrated upon by each.

Similarly, Good criticized the concept of a revenue tariff for reasons partly related to his co-operative inclinations. Good was opposed to any system which imposed undue hardship upon the consumer. A sound system of collecting public revenues, he believed, would force payment in direct proportion to the amount of services provided by the state. Even the income tax had an unfair aspect to it because it tended to tax heavily the industrious and ambitious, while relieving the lazy and shiftless. A better system would try to tax each individual according to the annual increased value of his possessions, especially land. Good believed that that increase most accurately reflected

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1. Debates, House of Commons, 1922, p. 1433.



the "value of the rights, privileges and services conferred upon the individual by the states, because it [could] be enjoyed without personal effort on the part of the individual."<sup>1</sup>

Good's views on the tariff and taxation issues were originally derived from his readings of the works of Henry George and other reformers of the period, but they were reinforced by his continually deepening understanding of co-operation. The co-operative movement had always been opposed to any restrictions on consumption generally and to tariff walls in particular. By arguing for increased initiative and less government responsibility, the co-operative movement also influenced Good's beliefs as to the future role of government. In a debate in 1924 he said:

I wish...to submit this thought to the House, that [the] various collective activities which are now paid for by taxation may be carried on under other auspices than state auspices. We find, for instance, in many cases that they are being carried on by voluntary, co-operative organizations, and it is quite possible we may have what has been called the fading state as civilization develops, where more and more of the activities now carried on under state auspices, where coercion exists, where taxes are enforced, shall be carried on by voluntary organizations under entirely different psychological conditions, at all events. But the tendency in that direction is not apparent at the present time; in fact, there has been in recent years, in many countries at least, a tendency towards the enlargement of collective activities under state auspices. My own feeling, however, is that ultimately there will be a turning of the tide and that it will seem better that many of these activities should be conducted by voluntary co-operative organization rather than under state auspices.<sup>2</sup>

1. Debates, House of Commons, 1922, p. 2443.

2. Ibid., 1924, p. 1092.

One other way in which Good displayed his co-operative commitment while he was a parliamentarian was in his continual advocacy of the rights of the consumer. He challenged Mackenzie King to keep his 1921 campaign promise to provide protective legislation for consumers,<sup>1</sup> and he repeatedly asked that public policy be decided according to the basic interests of the consumer and not of the producer. Believing that the federal government should represent the general rather than the particular interest, he objected to deciding economic questions solely on the basis of what advantages would accrue to manufacturers or agriculturalists. Rather, he thought that the government should be searching constantly for programs which would make cheap consumer goods available to all the people.

W.C. Good had little success in converting his fellow members to his ideas. As he pointed out on several occasions, his speeches, no matter how well prepared, elicited little or no comment in the House.<sup>2</sup> By 1924, he had become frustrated with his inability to stimulate meaningful debate and with the continuous emphasis on partisanship. He was also perplexed with the natural problems inherent in trying to raise a family caught between two cities, Brantford and Ottawa. Thus he did not contest his seat in the 1925 election, retiring in favour of E.H. Standish, a local,

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1. Debates, House of Commons, 1925, p. 2729.

2. For example, see ibid., p. 2726.

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successful farmer.

Good's discouragement with political life as he found it in Ottawa encouraged an already evident distrust of political involvement among the members of the C.U.C. executive. In no instance, from the time of early Liberal affiliation, through association with the I.L.P., to sympathy with the Progressives, had the national co-operative organization profited by its executive's private political activities. In fact, those activities, by requiring considerable time and effort, had lessened the effectiveness of the co-operative efforts of the Union's leaders. In the future, therefore, the private political activities of the executive members would be minimal.

## v

The problems of the existing social and economic systems--and the inability of the contemporary political machinery to meet them--was nowhere better demonstrated in Canada for the Union leaders than in the Maritimes. As mentioned,<sup>2</sup> the Union's affiliates in Cape Breton began to encounter difficulties shortly after the war ended. In part, the difficulties were caused by the errors of misdirected enthusiasts in Glace Bay and Sydney, but for the most part

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1. Keen to A.E. Darby, August 20, 1925, C.U.C., vol. 34, 1925 AG: file "C".

2. See pp. 331-335.

they stemmed from the depression which blighted the area for much of the twenties. The really difficult problems for Union affiliates began in 1922 at about the same time as the Ontario societies were encountering trouble. Among the Cape Breton affiliates, even the British Canadian, following its most prosperous quarter in late 1921,<sup>1</sup> declined in the first quarter of 1922.<sup>2</sup> W.C. Stewart, the British Canadian's manager, described the conditions as the worst he had ever seen,<sup>3</sup> and he had been active in the Sydney Mines area since the early years of the century.<sup>4</sup>

Amid the unrest, several explanations for it were put forward, and each probably had some validity.<sup>5</sup> The mine owners claimed that adjusting to world coal and steel conditions following the war was most difficult; that markets were declining along with prices; and that workers were unreasonable in demanding the same wages they had received during the boom years of late World War One.<sup>6</sup> The same sources also

1. C.C., January, 1922, p. 9.

2. Its decline, in comparison to the same quarter of the previous year, was from nearly \$300,000 to \$270,000. Ibid., July, 1922, p. 14.

3. Stewart to Keen, February 20, 1922, C.U.C., vol. 138, 1922 AK: file "British Canadian".

4. H. Tan to Keen, December 7, 1944, C.U.C., vol. 200, 1944 AK: file "British Canadian Co-operative".

5. For a more complete study of the problems in the Cape Breton mines during the twenties, see E. Forsey, Economic and Social Aspects of The Nova Scotia Coal Industry (Toronto, 1926).

6. Canadian Annual Review, 1922, Toronto, 1923, p. 728.

charged that the miners of Cape Breton were being subverted by communist and "wobbly" infiltrators given opportunities when the United Mine Workers became a force in 1917. The miners, in reply, declared that the mine owners were not suffering because of the decline but that the workers and their families were being asked to bear all the burden for changing economic circumstance.<sup>1</sup> To prove their case, they pointed to a recent reorganization of the company structure in the Nova Scotian mining area, a reorganization that involved obviously watered stock,<sup>2</sup> and that produced the very large British Empire Steel Corporation. If any industry could afford this type of manipulation, then surely it could afford to pay its workers a living wage.

In the years immediately after the war, the difficult position of the industry, for whatever causes, was reflected in the general reduction of weekly working hours, with the result that whatever reserves the workers had were seriously depleted when the "troubles" of 1922 occurred. The "troubles" began when the Nova Scotia Steel and Coal Company sought to impose a 37½ percent wage reduction upon the miners, an attempt which was vigorously opposed by miners, many of whom were already working part-time. A conciliation board, the first of many, was appointed by the federal government to investigate the situation. While it was deliberating, a mob

1. For a statement of the miners' position, see speech by W. Irvine, Debates, House of Commons, 1922, p. 497ff.

2. See speech by Agnes Macphail, ibid., 1925, p. 1726ff.

estimated at four thousand rioted in Sydney on January 22, 1922, smashed the windows of the steel company, and carried off thousands of dollars worth of goods.<sup>1</sup>

From that point onward and for most of the decade, the mining region was convulsed in a series of disputes over nearly all the conceivable issues that could separate management from labour. The situation was further complicated by a split in the ranks of labour caused mainly by J.B. MacLachlan, the secretary-treasurer of the United Mine Workers' Local Number Twenty-six. MacLachlan was a fire-brand, passionately devoted to the local miners, known for connections with communists and wobblies, and above all, a most capable leader.<sup>2</sup> Single-handedly, he organized the local workers so that they defied not only the companies but also the international leadership of the United Mine Workers. Ultimately, however, he was ousted, along with his more prominent associates, by John L. Lewis in July, 1923, but not before considerable unrest and considerable working class militancy had appeared in the mining districts.

In 1922 and 1923, the violence associated with the unrest led to the unfortunate decision by both provincial and federal authorities that soldiers were required to keep order. In both years, troops were dispatched by the minister

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1. Debates, House of Commons, 1925, p. 729.

2. See E. Forsey, Economic and Social Aspects, p. 87.

of National Defence, and, in 1922, Cape Breton County was declared a police district under a police commissioner and some one thousand special constables. In both years, the mines, which had previously been operating on a part-time basis were closed, imposing real hardships on the local citizens and business communities. From out of the chaos and bitterness came frequent reports of wide-spread starvation and suffering, indicated in the following observation of

William Irvine:

We hear of children under-nourished and suffering sickness; we hear of an increase in the death rate; we hear of parents being summoned by the educational authorities for not being able to send their children to school because they cannot buy them boots and clothes and properly nourish them.<sup>1</sup>

The co-operatives in the area generally were an auxiliary to labour in the unrest of 1922 and 1923. They relaxed their rules on credit considerably in an effort to aid the various strikes that occurred, and they supported the more moderate point of view among the miners.<sup>2</sup> The leadership of the co-operatives vigorously opposed J.B. MacLachlan in his more radical statements. They agreed with the miner's main point that the welfare of the workers and their families, and not the declaration of dividends, should be the first call on the company's profits; but they were also sympathetic

1. Debates, House of Commons, 1922, p. 498.

2. W.C. Stewart to Keen, October 14, 1923, C.U.C., vol. 140, 1923 AK: file "British Canadian Coop".

to the plight of the companies and strongly preferred the use of more moderate ways of resolving differences. In particular, they wanted the imitation of the calm bargaining techniques which had featured labour-management relations in British co-operatives and in such Canadian co-operatives as the British Canadian.<sup>1</sup>

There was a slight improvement in the economic conditions of Cape Breton in 1924, reflected in a better year for the local co-operatives. Keen made a visit to the area in January of that year, but while he was there most of his time was consumed in discussions with officials at St. Francis Xavier University and in speeches before agricultural organizations.<sup>2</sup> He did, however, make a rapid tour of some of the Cape Breton societies, advising them as best he could in the face of the problems created by the unrest. He was very perturbed about the still-struggling Sydney society, and he fomented a review of some of its basic policies while there.<sup>3</sup> But Keen came during relatively good times, when work was available and when dissatisfaction, in the context of the twenties, was at a minimum; in fact, shortly

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1. During 1922, while the mining industry locally was convulsed, the British Canadian management reached a most amicable agreement with its relatively large staff, an agreement providing for minimum wages, a fixed automatic increase, a bonus system, and the beginnings of a pension plan. See correspondence between Keen and Stewart, ibid.

2. See below, pp. 382-383.

3. See correspondence between Stewart and Keen, ibid., vol. 142, 1924 AY: file "British Canadian".



after his visit, the British Canadian was in a contented enough position to present an operetta, written and produced in the community about the local situation.<sup>1</sup>

In the meantime, other co-operative enthusiasts were appearing in the Maritimes. The most important of these were found in the ranks of the Roman Catholic clergy, especially those associated with St. Francis Xavier University. Despite the well-developed interest in the movement by many Quebec priests, the Nova Scotians were little influenced by the Caisse Populaire movement of French-Canada. Instead, their interest was prompted by the ill-defined notions of their parishioners, by fear of growing radicalism, by the powerful liberal wing of the American Catholic Church, and by the examples offered by some European and American universities interested in community action.

American Catholics had long manifested an interest in co-operation, the already-mentioned Father J.T. Tuohy being one manifestation of this interest;<sup>2</sup> but the strongest interest had been demonstrated just after World War One. The most prominent advocate of American Catholic co-operation during and after the war had been J.A. Ryan, a friendly correspondent of both Keen and, eventually, the Nova Scotian

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1. T.H. Keer to Keen, April 10, 1924, *ibid.*, Unfortunately for music lovers everywhere, the score for the operetta has apparently been lost.

2. See p. 91.

Catholic leaders.<sup>1</sup> Ryan, the "most influential Catholic in the field of American social reform",<sup>2</sup> was for many years a professor of political economy and moral theology at the Catholic University of America. Before the war, he had published two important books on social reform based in part on Rerum Novarum, the moderately liberal papal encyclical of Leo XIII. Toward the end of the war, Ryan had undertaken the preparation of a document on reconstruction that so impressed four American bishops that they had published it under the title of The Bishops' Program of Social Reconstruction.<sup>3</sup>

The Bishops' Program was a relatively radical document reflecting the impact of British Fabianism, American labour reformism, and liberal Catholicism. In fact, as late as 1929, the program was still viewed by members of the New York Senate as the manifesto of "a certain group in the Catholic Church with leanings toward Socialism."<sup>4</sup> Included among the relatively "radical" suggestions of the program was a strong commendation of the co-operative system as a means of destroying exploitation by middle men:

1. Keen to Fr. Tompkins, May 13, 1924, C.U.C., vol. 207, Correspondence Inquiries: file "1924".

2. Ellis, J.T. (ed.), Documents of American Catholic History (Milwaukee, 1962), p. 585.

3. Ibid.

4. Ibid.

The astonishing difference between the price received by the producer and that paid by the consumer has become a scandal of our industrial system. The obvious and direct means of reducing this discrepancy and abolishing unnecessary middlemen is the operation of retail and wholesale mercantile concerns under the ownership and management of the consumers. This is no Utopian scheme. It has been successfully carried out in England and Scotland through the Rochdale system. Very few serious efforts of this kind have been made in this country because our people have not felt the need of these co-operative enterprises as keenly as the European working classes, and, because we have been too impatient and too individualistic to make the necessary sacrifices and to be content with moderate benefits and gradual progress. Nevertheless, our superior energy, initiative and commercial capacity will enable us, once we set about the task earnestly, even to surpass what has been done in England and Scotland.

In addition to reducing the cost of living, the co-operative stores would train our working people and consumers generally in habits of saving, in careful expenditure, in business methods, and in the capacity for co-operation. When the working classes have learned to make the sacrifices and to exercise the patience required by the ownership and operation of co-operative stores, they will be equipped to undertake a great variety of tasks and projects which benefit the community immediately, and all its constituent members ultimately. They will then realize the folly of excessive selfishness and senseless individualism.<sup>1</sup>

Although they were not certain about "our superior energy, initiative and commercial capacity", Keen and the Catholic leaders in Nova Scotia shared Ryan's enthusiasm for co-operation as a practical application of Christianity. The Nova Scotian Catholic leader with whom Keen had the closest affiliation was J.J. Tompkins, a short, fiery little priest with an amazing ability to stimulate public activities. One of many priests at St. Francis Xavier interested in the

1. Ellis, J.T. (ed.), Documents of American Catholic History (Milwaukee, 1962), pp. 595-596.

general question of the university's role in the community, Tompkins had become impressed with the possibilities of extension work and social activities by academics when he had been in Great Britain in 1912.<sup>1</sup> Encouraged by other Antigonish priests, Tompkins had become interested in extension activities, and had begun to study workers educational movements in Great Britain, the United States, and Canada. His studies of the universities that were attempting to educate the entire community rather than its elites had led him to articulate new general goals for St. Francis Xavier in 1918. In brief, his message had been:

Our colleges must catch the spirit of service--service of the whole people in matters national, civic, educational and social. Our colleges have been turning out men for the most part devoid of social consciousness. They have been content to live for themselves and their own professions on the principle of everybody for themselves and the devil take the hindermost--including the commonwealth and the great mass of the common people.... The time has come when our colleges should not only be homes of learning, but leaders of thought adapting themselves to modern problems and modern requirements  
....<sup>2</sup>

Always an activist anxious to implement his idealism, Tompkins, with the aid of some other priests, had organized a primitive extension department at St. Francis Xavier in 1920. It lasted until 1922 when Tompkins was demoted to parish work in the fishing village of Canso because of his

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1. The following summary of Tompkins' early career is based on A.F. Laidlaw, The Campus and the Community: The Global Impact of the Antigonish Movement (Montreal, 1961), pp. 61-70.

2. Cited in ibid., p. 63.

vigorous support for Maritime university federation. In Canso, he was soon involved in organizing study groups, at first to expose fishermen to higher education and then to demonstrate how knowledge could be used to bring about economic improvement. Achieving some local success, Tompkins sought to keep St. Francis Xavier interested in extension work, by lobbying among its graduates and educating its priests. At annual conferences of the diocesan clergy, Tompkins, increasingly aided by M.M. Coady, a large, aimable faculty member of St. Francis, promoted an active extension program. Unfortunately, until 1930, not much success was achieved.

Tompkins and other reform parish priests nevertheless continued to work among their parishioners, stimulating self-confidence, proposing solutions to social problems, and publicizing the backward conditions of Nova Scotian fishing villages. In the process, the priests inevitably came into contact with George Keen and the national co-operative movement. Keen talked to groups of fishermen during his Maritime trips which began in 1917. He did not bring a new message as many priests had been interested in co-operation for years, but he did bring a considerable amount of experience, and, for the time, an attractive lecturing technique. During his 1924 trip, he addressed the twenty-eighth annual meeting of the Nova Scotia Farmer's Association in Antigonish, a farmers group strongly influenced by Catholic priests, and

he had a rather remarkable impact. Following his return to Brantford, he received numerous requests for information on the movement from Catholic activists in Eastern Nova Scotia, including a typically criptic one from Father Tompkins asking for advice on fishing co-operatives.<sup>1</sup> Keen eventually secured some helpful information for Tompkins and his parishioners from fishermen in Ontario, Manitoba, Ireland, and England.<sup>2</sup>

Keen's advice and enthusiasm had some effect. Within two months of his advising the fishermen of Canso and other nearby groups, Tompkins wrote him:

You have certainly "started something" in Canso. This is a wonderful field and the people will take to Co-operation like ducks to water. This is one of the best fishing posts on the Atlantic. People are terribly exploited and the N.S. fisherman (and I believe fishermen in general) is the most helpless man I know. I believe a new day could be made to dawn for fishermen & for Co-operation in these parts if we concentrate on Co-operation here in Canso.<sup>3</sup>

But Tompkins was too active and too much of a catalyst to concentrate exclusively on the restricted environment of the Canso parish. Throughout 1924 several priests and numerous laymen in Nova Scotia wrote to Keen on the suggestion of Tompkins.<sup>4</sup> Many were interested in agricultural co-operation,

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1. Tompkins to Keen, March 7, 1924, C.U.C., vol. 207, Correspondence, Inquiries: file "1924".

2. See various letters, ibid.

3. Tompkins to Keen, May 7, 1924, ibid.

4. See ibid., and C.U.C., vol. 33, 1924 HY: file "T".

and Keen passed on to them advice garnered from W.C. Good and other agrarians. The universality of Tompkins' approach and his infectious enthusiasm was reflected in a bewildered letter sent to Keen by the customs inspector at Port Hood.

This conscript wrote:

I am not in a position to help the co-operative cause, however, as Dr. Tompkins has, for some inexplicable reason, requested me to give some attention to the subject, I should like you to forward me a copy of Warbasse's Co-operative Democracy....<sup>1</sup>

Keen and Tompkins also co-operated in other ways. In 1924, Keen arranged interviews for Tompkins with Warbasse and with John A. Ryan,<sup>2</sup> and throughout the 1920's and 1930's and two men corresponded and met frequently. But, in the final analysis, they could not co-operate too closely. Keen could be of service only by providing occasional letters or by speaking to groups whenever he was in the Maritimes. Tompkins' main need was for men locally involved in their communities or in the university, not for an idealist located some thirteen hundred miles away. Thus, the Antigonish movement, slowly coming into existence during the twenties, received, some initial advice from the Union, but was ultimately the result of local initiative and resourceful local leadership. In fact, as the Nova Scotian movement prospered during the thirties, it became a more powerful and successful

1. D.C. MacDonald to Keen, June 9, 1924, C.U.C., vol. 33, 1924 HY: file "M".

2. Keen to Tompkins, May 13, 1924, C.U.C., vol. 207, Correspondence, Inquiries: file "1924".

force than the C.U.C., with the result that the latter's voice in Maritime co-operation declined in influence.

The Antigonish movement, however, was much more than the efforts of the remarkable Father Tompkins. Tompkins was a superb parish priest overpoweringly driven by the ideals he believed in, with the result that he was an excellent catalyst; but, ultimately, he depended upon others for help in mundane affairs and even consistent over-all leadership. Associated with him, and as important as he was, were a number of Catholic priests and laymen. The best known of these was M.M. Coady, Father Michael Gillis, and an apparently unending stream of priests named MacDonald. The C.U.C. had some contact with most of these men, either as a provider of reading material for study clubs or as an adviser on any of the several types of co-operation they attempted.

This promising activity among the priests of Nova Scotia would lead eventually to the well-publicized co-operative projects of the Antigonish movement during the thirties; but during the twenties, the projects actually achieved were rather limited. Some fishing co-operatives were established along with a few multi-purpose societies interested in selling produce, organizing social activities, and purchasing supplies; <sup>1</sup> of far greater importance were the study clubs which appeared in many parishes throughout the eastern

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1. These organizations were usually informal and the C.U.C. gained no affiliates in the 1920's as a result of the activities of St. Francis Xavier.



part of the province. These clubs, carefully cultivated later in the thirties, would make the community activities of the University of St. Francis Xavier known throughout the world.

There was one other source of co-operative enthusiasm in the Maritimes between 1921 and 1924: the farmers, much like their brethren elsewhere, were on the march and organizing into co-operative action. Aside from the speech given by George Keen in 1924 to the farmers meeting at Antigonish, there was virtually no communication between the C.U.C. and this development. Instead of relying upon the Union, the co-operatives that emerged among the fruit growers, the egg producers, and the sheep farmers turned for advice to the provincial department of agriculture.<sup>1</sup> Maritime agriculture, moreover, went through its organizational period later than its Central Canadian or western counterparts, with the result that its stated aims were very practical and somewhat less ideological. The excessive moral concern that permeated the leadership of Old Ontario was less apparent, meaning that the co-operative idealism of the C.U.C. had even less impact than in Ontario.

At the same time, George Keen's narrow, stubborn support of consumer co-operation made him concentrate upon

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1. See The Canadian Annual Review for these years. In a region where farm votes were important but farm programs difficult to develop, the Maritime departments seem to have been much more active in stimulating co-operative marketing than, for example, in Ontario.

the mining towns whenever he was in the area. He did not take an appreciative view of agrarian co-operation generally until he started to go west for long periods of time in the mid-and late twenties. Until then, his attitude toward farmer co-operators was derived from his unfavourable experiences with the United Farmers of Ontario. Thus, the Union made little or no effort to enlist the aid of the Maritime agriculturalists. It did not press its services sufficiently upon the stores operated by the United Farmers of New Brunswick, stores successfully conducted on a slightly<sup>1</sup> more independent basis than their counterparts in Ontario. Thus, distance and bias meant that the Union did not at first take advantage of what ultimately became one of the<sup>2</sup> strongest forces for co-operation in Eastern Canada.

The suspicion directed against the agrarians by the C.U.C. unfortunately was shared, to some extent, by the management of the British Canadian Co-operative in Sydney Mines. During the 1920's, the first opportunities occurred for the union of co-operative sympathizers in Cape Breton, and those opportunities were allowed to slip by because of that bias. The best known efforts of the priests of Antigonish were essentially among the fishing folk and were

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1. Some efforts at uniting with these stores were made in 1922, but they were haphazard. See C.U.C., vol. 138, 1922 AK: file "British Canadian".

2. In the thirties some efforts, ultimately successful, were made. But the initiative for these later efforts largely came from the Antigonish leadership and not from the C.U.C. See pp. 558-560.

not yet serious enough in the mining communities to make<sup>1</sup> integration of organizational programs important; but the farmers of Cape Breton began to organize seriously in the early twenties with the result that some accomodation had to be reached with the consumer societies already established.

One reason for the distrust manifested by the British Canadian management against the agrarians was the British background of its more prominent figures. In Great Britain, relations between agricultural and consumer co-operatives had never been particularly good. They had bickered over fair prices for agricultural produce, had developed along different lines, and at some points had competed with each other in both wholesaling and retailing operations.<sup>2</sup> W.C. Stewart, the British Canadian's manager, reflected this history when he consistently assumed a negative attitude toward agrarians, writing on one occasion:

...I find the farmers as a rule a selfish class of people, and I feel sure if we ever have a farmers government, it will be pitty ~~for~~ the industrial workers.<sup>3</sup>

Keen, although partly reflecting the same background in his failure to emphasize agrarian co-operation, nevertheless

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1. Problems of integration between the Antigonish and the Cape Breton societies did appear in the thirties. See p. It should also be kept in mind that the Antigonish and agrarian movements started out in close partnership, many of the priests having their first experiences in co-operative action among the farmers of eastern Nova Scotia.

2. M. Digby, "The Prospects for Agricultural Co-operation" in N. Baron (ed.), The Co-operative Movement in Labour Britain (London, 1948), p. 51.

3. Stewart to Keen, June 23, 1922, C.U.C., vol. 138, 1922  
AK: file "British Canadian".

pleaded for "co-operation among co-operators". To him the divisions were attributable not only to basic differences between producer and distributive co-operation, but also to problems peculiar to Canada. He wrote:

We must not forget that there is this difference between the members of working-men's and farmers' cooperative societies. In the case of the former, we have a considerable number of men...who are devoutly and unselfishly attached to our principles, and are well informed in the philosophy and history of the movement. This is because they were raised in the old land. The farmers, especially in the older provinces, are of the second, third and even fourth generation of settlers who have developed quite a different moral and social psychology. We can not, at first, expect them to be, in the genuine sense, cooperators. Their motive, in most cases is purely selfish.<sup>1</sup>

Keen went on to argue that the only way to convert the agrarians to co-operative orthodoxy was through continual discussion and frequent co-operation. He agreed that most agricultural societies were difficult to deal with, and he viewed the failure of most to affiliate as "an outstanding manifestation of their lack of real co-operative intelligence or spirit".<sup>2</sup> But, in the long run, he believed that some form of integration had to evolve if the movement was to progress in Canada.

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With the affiliated movement in the Maritimes promising

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1. Keen to Stewart, June 20, 1922, C.U.C., vol. 138, 1922 AK: file "British Canadian".

2. Ibid.

but weak, with the Northern Ontario, Southern Ontario, and British Columbia movements decimated, the Union began to look more and more for salvation to the Prairies. The depression starting in 1921 exacted its toll from the older Union affiliates on the Prairies: Winnipeg, Glenella, Eckville, and Regent failed, withdrew, or were expelled, for the most part because of the economic downturn. Only Leo, a small Alberta society, remained with the United Grain Growers as permanent acquisitions from the immediate post-war period. As some societies left, however, others came: late in 1921, societies in Lethbridge and Grande Prairie affiliated, as did a small society in Prince Albert. Early in 1923 these societies were joined by other Alberta co-operatives in Wetaskiwin and Killam, and by Young and Davidson in Saskatchewan. In 1924 a strong society in Lloydminster and in 1925 another in Edenwold became affiliated. Just as the Union was declining or stagnating in other regions, Prairie acquisitions offered considerable promise for future growth.

The most consistent factor causing this sudden rapid increase in membership was the presence of a number of British people in these societies and the increasing demand for wider co-operative organizations. Lloydminster, Davidson, Young, and Lethbridge had co-operative leaders trained in Great Britain where co-operators automatically participated in the movement's national organizations. The

desire for wider co-operative organizations to meet wholesaling and educational needs stemmed partly from this source and partly from the isolation so obvious in the movement on the Prairies.

In May and June, 1923, the societies in Alberta, including all within the Union and a large number outside, initiated a series of meetings to investigate greater co-operation between co-operatives. Wanting to hear the Union's viewpoint on the integration of their activities, a number of them banded together to pay the costs of a trip west for George Keen.<sup>1</sup> The Alberta societies notified co-operators in Saskatchewan, and, as a result, a conference was arranged for Regina on May 31 and June 1, 1923. The main Alberta conference was held on June 4 at Wetaskiwin. The Alberta societies also arranged for Keen to visit some British Columbia societies following the Alberta session.

The conference in Alberta was a disappointment. The movement in that province lacked any real cohesion although several leaders of individual co-operatives were very interested in trying to integrate the activities of their societies. But managers and directors of individual organizations, usually active in many projects and ordinarily preoccupied with the problems of their own co-operatives, did not have either the time or the resources to create demanding province-wide institutions. Nor did the government

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1. Keen to J.L. Counsell, May 26, 1923, C.U.C., vol. 30, 1923 AH: file "C".

agencies in Alberta have sufficient interest in the total movement to spearhead the drive for united action. The civil servants of the province, essentially interested in co-operative marketing--unlike their Saskatchewan counterparts--did not demonstrate much interest in consumer co-operation during the twenties.<sup>1</sup> Similarly, the United Farmers of Alberta, much like the United Grain Growers, was sympathetic to the total movement but was unwilling to spark a movement toward integration that was based on local autonomy.<sup>2</sup>

Thus, although an Alberta Co-operative League was established at the 1923 conference, it lacked enthusiasm and organization from the beginning. In contrast, the Saskatchewan movement, originally not particularly enthusiastic about Keen's visit, received considerable stimulation from his two-day stay in Regina. The difference between the two provincial reactions is explained to a large extent by the personnel within the Co-operation and Markets Branch of Saskatchewan's Department of Agriculture. The then acting commissioner of this Branch was W. Waldron, an English co-operator trained within the British movement. Waldron took the same view of co-operation as did George Keen, and the two men formed a close friendship in 1923 that was to serve them both well for twenty years.

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1. Keen to H.W. Ketcheson, July 3, 1923, C.U.C., vol. 140, 1923 AK: file "Davidson Coop (Sask)".

2. T. Swindlehurst to Keen, January, 1924, C.U.C., vol. 41, 1927 EK: file "E".

The meeting in Regina completely reversed the Union's view of the Saskatchewan movement. Until Keen's visit, the Union had always regarded the co-operative developments within the province in a poor light. In part, the adverse opinion resulted from the C.U.C.'s close connection with the U.G.G., which was more interested in Alberta and Manitoba than in Saskatchewan. In part too, the attitude was based upon Keen's long-standing criticisms of the common Saskatchewan practice of farmers pooling their orders for just a few basic commodities such as twine or feed. In his view, this practice did not improve the farmers' overall situation significantly because it simply forced capitalist distributors to raise the prices of commodities which were not purchased in bulk. He was also critical of the provision within the 1913 provincial co-operative act which insisted that at least seventy-five percent of the members of any society must be farmers. That provision, he believed, denied co-operatives to urban workers and created an artificial split between farmers and labourers.<sup>1</sup>

The Co-operation and Markets Branch under Waldron was on the verge of changing these conditions when Keen arrived in 1923. In the next two years, using Keen's advice, the Branch drew up The Co-operative Marketing Associations Act which eliminated the barrier between farmers and labourers.<sup>2</sup>

1. For an example of these criticisms, see C.C., July, 1919, pp. 5-6.

2. J.F.C. Wright, Prairie Progress, pp. 45-46 reviews this early legislation.



The Branch further facilitated co-operative development by encouraging the formation of the Co-operative League of Saskatchewan during late 1924.<sup>1</sup> Moreover, with a fairly large staff of a Commissioner, an accountant, three stenographers, and several specialists in different forms of co-operation, the branch had the resources to undertake the numerous tasks necessary to keep widely separated and diversified societies working together.<sup>2</sup>

In the years before he visited Saskatchewan, Keen had always been suspicious about any government body active in promoting, guiding, and supervising co-operative societies. Aside from his acceptance of the general co-operative belief that co-operation must spring unregulated from the rank and file, he had adopted this view because he had had a low opinion of Canadian civil servants. He had tended to judge the Canadian civil service on the basis of the frustrating experiences with Ontario governmental employees between 1909 and 1911.<sup>3</sup> Waldron, however, was different, and Keen was greatly impressed with the Saskatchewan official because of his emphasis on local initiative, his concern that the Branch not become too domineering, and his promotion of Union affiliation among the Saskatchewan societies.<sup>4</sup> Waldron

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1. Memo, author not given, The Co-operative League of Saskatchewan, C.U.C., vol. 32, 1924 AG: file "A".

2. Keen to F.C. Hart, August 30, 1924, ibid.

3. See pp. 91-95.

4. Keen to F.C. Hart, August 30, 1924, C.U.C., vol. 32 1924 AG: file "A".

was like the many British civil servants who had so greatly helped the movement in Great Britain: he had grown up with-  
in the movement, understood its philosophy, and knew the  
proper role of government.<sup>1</sup>

Waldron and C.M. Hamilton, the Minister of Agriculture, were very impressed with Keen's work and ideas at the 1923 conference, so impressed that they invited him to make a tour of Saskatchewan societies.<sup>2</sup> In 1924 he spent the entire month of July touring the villages and towns of Saskatchewan, inspecting stores, talking with officials, and addressing public meetings. Thereafter, each year, until World War Two, he returned to Saskatchewan and so helped to build up an increasingly more powerful movement in the province, a movement in which the Union played a prominent role.

Keen's annual trips to Saskatchewan, in the early years at least, were noted for his frequent and often brusque criticism of the societies he saw while there. At a meeting in Regina following the 1924 tour, he chastised a group of co-operative leaders for not taking advantage of a very promising situation. In his view, Saskatchewan was ideal for the development of stores because of the community spirit of the people and the relative weakness of chain store competitors. Unfortunately, Saskatchewan co-operators were

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1. Keen to H. Jones, February 13, 1925, C.U.C., vol. 143, 1925 AY: file "Lloydminster".

2. C.C., August, 1924, p. 14.

not realizing the possibilities because they paid their staff poorly, allowed inactive boards to stagnate, carried excessive inventories, ignored education, and often maintained unattractive premises.<sup>1</sup> Keen went on to recommend that the societies join together to order products in bulk quantities from the British co-operative wholesales, suggesting that this project could lead to a full collective buying program and eventually to a Canadian co-operative wholesale.<sup>2</sup>

Keen was elated about the success of the 1924 trip. His earlier reservations about the province had proved to be falacious, and, after his return, he started to refer to Saskatchewan as "our co-operative province".<sup>3</sup> In return, many of the leaders in the province's societies, though often stung by his criticisms, greatly appreciated his enthusiasm and respected his integrity. As one manager commented:

I feel that your visits with the subsequent conference is one of the few things which keep consumer's co-operation alive in a country where producer's co-operation is so tremendously successful that our little stores are considered negligible.<sup>4</sup>

But while George Keen was lighting small bonfires in the centres of consumer co-operation, another propagandist, Aaron

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1. "Report of meeting of thirty-six Managers and Secretaries of the Agricultural Co-operative Association of Saskatchewan", July 30, 1924, C.U.C., vol 32, 1924 AG: file "A".

2. C.C., August, 1924, pp. 14-16.

3. Ibid., p. 3.

4. J.G. Mohl to Keen, February 9, 1926, C.U.C., vol. 146, 1927 AK: file "Edenwold".

Sapiro, was igniting a prairie fire. This American advocate of co-operative marketing began to make his tours of the western towns in 1923, shortly after Keen's first trip westward. Sapiro had a magnetic personality, and he possessed the eloquence of a main attraction on a Chautaugua tour; in the view of Frank Underhill, who lived in Saskatchewan when some of Sapiro's tours were made, the American's lectures were "the best revivalist meetings" he ever attended.<sup>1</sup>

The basic ideas which Sapiro had worked out with fruit producers in California and wheat growers on the American plains were essentially very simple.<sup>2</sup> Each farmer contracted to deliver all the produce he had to sell to the central agency. The contract was ordinarily for a five-year period and gave the central authority complete power to sell the crop as it wished. When the produce was delivered, the farmer would receive an advance based upon the expected return when the crop was sold. After the sale, deductions would be made for expenses, education, and reserves; if there was any surplus remaining, it would be divided among the farmers according to the quantity and quality of produce delivered. It was a simple, yet effective system which seemed to meet two long-standing problems of co-operative marketing:

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1. Interview with the author, May, 1968.

2. For an outline of the methods whereby the Canadian wheat pools were organized, see D.A. MacGibbon, The Canadian Grain Trade (Toronto, 1932), pp. 329-343.

the previous lack of a patronage divided system; and the long awaited technique whereby farmers might control completely the marketing of their produce.

Sapiro had such a powerful impact partly because of the hostility of many western farmers to the grain companies. This hostility, which had motivated the initial efforts of uniting consumer societies in Alberta, <sup>1</sup> had grown steadily during the early twenties. One of the important leaders in formulating this sentiment was P.P. Woodbridge, who, although he had retired to Kelowna, kept working for what he thought was a more truly co-operative marketing system. Woodbridge was still strongly opposed to the United Grain Growers, whom, he charged, used deceit and ruthlessness <sup>2</sup> to crush any move toward local autonomy by member groups. Ever since 1913 he had been attempting to decentralize the grain companies, only to be outmanoeuvred by Henry Wise Wood and other leaders. <sup>3</sup> It was no accident that it was P.P. Woodbridge who walked into the office of The Calgary Herald in the early summer of 1923 to suggest a tour of Alberta by Aaron Sapiro. <sup>4</sup>

But the main factor behind the pool movement was the desire of the western farmers to control the sale of grain.

1. See pp. 285-288.

2. P.P. Woodbridge to Good, February 16, 1921, G.P., vol. IV, Correspondence 1917(M)-1922(F): file "1920-1921".

3. Ibid.

4. L.D. Nesbitt, Tides in the West, p. 35. Sapiro had already been invited to Saskatchewan by the Farmers Union of Canada.

During the war the federal government had regulated the sale of wheat and that regulation had coincided with the most prosperous years for the western farmers. When federal control under the Wheat Board had come to an end in 1920, many farmers had been dissatisfied and had sought new avenues. For a while some had investigated the possibilities of the pooling plan already drawn up by Aaron Sapiro and the California fruit growers, but institutional rivalries and poor organization had ended the early flirtation.<sup>1</sup> Only in Saskatchewan had an organization appeared before 1923 to support the new pooling ideas. This organization, the Farmers Union of Canada,<sup>2</sup> had been established in 1921, and had immediately become engaged in fierce competition with the Saskatchewan Co-operative Elevator Company and its sister institution, the Saskatchewan Grain Growers.<sup>3</sup> The struggle between the two groups did not abate in the twenties, but, beginning in 1923, they agreed to work jointly and with Aaron Sapiro in promoting a Saskatchewan wheat pool.

In Alberta, Sapiro's oratory was the catalyst which precipitated the formation of a provincial pool eventually dominated by that superb political animal, Henry Wise Wood. In fact, Wood said he had been considering inviting Sapiro prior to Woodbridge's initiative, but had resisted doing so

1. W.K. Rolph, Henry Wise Wood, pp. 127-128.

2. Henceforth abbreviated, when desirable, to F.U.C.

3. For an absorbing insight into the warfare between the various institutions, see H.A. Innis (ed.), The Diary of A.J. McPhail, Toronto, 1940, pp. 1-66.

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because of his opposition to Sapiro's championing of <sup>1</sup> one large grain pool to serve all the western provinces. Later, Wood, with all his organizational talents and ability to adjust to the demands of Albertan farmers, threw himself behind the formation of a provincial organization. With his help, the organizers of the Alberta pool achieved almost instantaneous success: between August and October, 1923, they attracted to their new organization some 27,000 farmers owning 2,600,000 acres.<sup>2</sup>

The Saskatchewan and Manitoba pools were not formed until 1924 because of the opposition of vested interests and internal bickering within the agrarian movement.<sup>3</sup> In Saskatchewan, in fact, the factionalism remained after the various groups came together in 1924 to form the Saskatchewan Co-operative Wheat Producers commonly called the pool. This pool was led by A.J. McPhail and L.C. Brouillette, former officials, respectively of the S.G.G.A. and the Farmers Union of Canada.<sup>4</sup> Thus, despite the persistent infighting within the older organizations, the pools were formed and prospered during the twenties, selling all their produce through their own sales agency, the Canadian Co-operative Wheat Producers Ltd.

1. L.D. Nesbitt, Tides in the West, p. 36.
2. W.K. Rolph, Henry Wise Wood, p. 146.
3. Ibid., pp. 149-150.
4. J.F.C. Wright, Prairie Progress, pp. 23-24.



The United Grain Growers tended to encourage the new farmers institutions despite the bias against grain companies which characterized the pooling movement. The U.G.G. leadership, much like that of the U.F.A., had been sympathetic to the pooling concept since 1920,<sup>1</sup> and it tried to assume a role in the developments unleashed by Sapiro. It soon found out, however, that provincialism and the vested interests of the various provincial farm organizations made it impossible to implement its first choice: the creation of an integrated, Prairie-wide movement under partial U.G.G. leadership. It then turned to the next best alternative: the financial and moral encouragement of each provincial organization. This aid, although accepted with varying degrees of enthusiasm by the new organizations,<sup>2</sup> was vitally important in helping the pools to get started. Thus, although the old and the new farmers institutions were not as close as they might have been, the flexibility of the U.G.G. made it possible for them to live with each other.

The attitude of the C.U.C. toward the pools was somewhat similar to that taken by the U.G.G.: the Union was anxious not to antagonize the new movement and tried to adjust to take advantage of it. Undoubtedly, the strong response Keen received when he travelled in the West during the 1920's came

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1. R.D. Colquette, The First Fifty Years, p. 150ff.

2. Ibid., pp. 160-161.

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2. Ibid., pp. 160-161.

from the enthusiastically pro-co-operative sentiments cultivated by the pool leadership, and he was aware of this debt whenever he was on his tours. Nevertheless, in the Union's view, the pools represented more potential, than immediate, gain. Unable to forget the type of mystic co-operation for which they stood, the Union executives were suspicious of the economic preoccupations of the new movement. Keen, in particular, tended to look upon the pools with considerable trepidation because they seemed to ignore totally the consumer approach toward co-operation. In fact, Keen believed that the pools had been strongly supported by merchant groups in the West, meaning that the new movement was committed to protecting existing retail organizations.<sup>1</sup>

Certainly, Keen and Good agreed from the beginning that Aaron Sapiro was a mixed blessing to Canadian co-operation. They suspected that Sapiro was brought to Canada by unco-operative farm leaders and business interests anxious to undermine the agrarian leadership then in command on the Prairies.<sup>2</sup> They knew that he had been invited to Saskatchewan by the Farmers Union and to Alberta by newspaper interests opposed to the existing dominant groups. They knew, too, that Sapiro in his appeals insisted upon the

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1. Keen to W. Halsall, August 11, 1928, C.U.C., vol. 148, 1928 AL: file "Killam".

2. Keen to Good, August 28, 1923, G.P., vol. VI, 1923 (G)-1923(F): file "K".

support of all sectors of the community, but especially the businessmen. Wherever he spoke, he insisted upon having the bankers, the lawyers, and the merchants on the platform with him, even though some had opposed the agrarian movement for many years. In their view, Sapiro was little more than a professional entertainer with a few good ideas; a spokesman of the traditional dominant classes willing to divide the western movement for his and their financial interests.<sup>1</sup> More seriously, from a co-operative viewpoint, Sapiro was a menace because he had a long history of starting "co-operative" organizations, collecting large fees, and then leaving them to struggle as best they could. Even the Sun Maid Raisin co-operative, his most conspicuous success to 1923, was in some difficulty when he arrived in Canada. Keen, conditioned by the many failures of quasi-co-operative ventures in the past, was particularly fearful that his schemes in the West would soon crumble. Thus, he at first favoured the more conservative techniques of the older farmer institutions, even if those institutions also followed questionable practices from a co-operative viewpoint.<sup>2</sup>

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1. This view is substantiated in part by L.D. Nesbitt, Tides in the West, pp. 43-45. R.B. Bennett, for example, was one of the men to draw up the membership contract for the Alberta Pool. G.P., vol. VI, p. 45.

2. Keen to Good, August 28, 1923, G.P., vol. VI, 1923(G) -1923(F): file "K". Good reciprocated these ideas. See Good to F.M. Clement, March 1, 1924, G.P., vol. VII, 1924 (A-M): file "AD".

Good's and Keen's fears were given further justification by an article which appeared in Co-operation, the main journal<sup>1</sup> of the Co-operative League of the United States.

Co-operation's editor was suspicious of the movement launched by Sapiro because it paid its officials high salaries--a practice most unusual in co-operative institutions--and because of the unhealthy position of the Sun Maid Raisin Growers Association. He also opposed Sapiro's rejection of co-operative buying schemes because the League, unlike the Canadian Union, unreservedly supported collective buying schemes as a way for farmers to build up consumer societies. Sapiro, in contrast, advised farmers to rely upon the traditional merchants whom he called "the legitimate channels of trade".<sup>2</sup> In the view of Co-operation's editor:

Mr. Sapiro's statement opposing consumer societies<sup>3</sup> should be illuminating to those who have hailed him as the evangelist of a new American form of Co-operation. He has been very useful in showing the farmers how to organize their selling power to get better returns for their labor. That is as highly necessary a form of organization for the farmers as is trade unionism for the industrial worker. Mr. Sapiro has organizing ability, which he sells to the farmers at a good price. His services have usually been well worth the money paid. But the fact that a successful lawyer sells good services to the farmer does not make him a Co-operator. The fact that he is opposed to the farmers eliminating the middleman, as well as the fact that he is opposed to the farmers developing their own co-operative banks, and that he would turn them over to the mercy of "high finance" after they have got their money, are indications that he would sell the farmers as well as sell to them.<sup>3</sup>

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1. "Aaron Sapiro and the Farmers", Co-operation, September, 1923, For a copy of the article see ibid.

2. Ibid., p. 17.

3. Ibid.

Sapiro's attitude toward consumer co-operation was to an extent shared by his followers in the Canadian West. Very few officials of the pools showed much interest in consumer co-operation or in the C.U.C. during the twenties; most of them were far too busy arranging for the marketing of their grain to devote much time to what was a relatively weak movement. They were caught up in businesses which were soon handling the largest turnover of any businesses in Canada; they were ensnared in fierce struggles for power within their organizations and against competing marketing institutions; and they were torn by the continuing and burdensome co-operative problem of harmonizing business efficiency with economic democracy.

Unfortunately, the pools and the other Prairie organizations did not leave alone what they did not appreciate, and they made consumer co-operation a football in their continuing scrimmages for power. Periodically, although they were not fundamentally interested in the project, the U.F.A., the Farmers Union of Canada,<sup>3</sup> the old line grain companies,

1. The pools were not, however, unimpressed with the work of George Keen. In 1925, the Manitoba Pool offered the C.U.C. secretary a lucrative position as a publicist. Unwilling to see sixteen years' work with the Union dissipate into nothingness, Keen refused the offer. Keen to J.L. Counsell, August 8, 1925, C.U.C., vol 34, 1925 AG: file "C".

2. The best insights into the anguish caused by these problems can be seen in H.A. Innis, The Diary of A.J. McPhail, pp. 199-270.

3. The Farmers Union and the Saskatchewan Grain Growers united in 1926 to form the United Farmers of Canada (Saskatchewan Section). Until the amalgamation took place, the two institutions were staunch rivals.

and the pools all tended to have haphazard programs to meet some of the consumer needs of western farmers. Nearly all of them had special departments which catered to the bulk needs of the western farmers, supplying such commodities as fertilizer and binder twine. These departments often competed with consumer societies in their most prosperous line and often undermined, probably unintentionally, the move toward greater co-operation among the distributive organizations.

From 1923 onward, the move toward greater unity among the western consumer societies lurched fitfully forward. The Union encouraged all efforts at uniting each of the provincial movements although, because of its remoteness and lack of funds, it could do little more than offer moral assistance. There was some thought given to moving the C.U.C. west where it could supervise the developing Prairie movement, but this idea was rejected because of the desire by the Union's leaders to develop the consumer movement in urban Canada.<sup>1</sup> But the growing power of the western societies and the burgeoning effort to unite the movement in each Prairie province had to be recognized. Thus, during late 1924, the Union altered its executive structure by the simple device of expanding the number of its vice-presidents.<sup>2</sup>

1. See exchange with G.W. Towell, C.U.C., vol. 39, 1926 NW: file "W".

2. Keen to W. Waldron, December 19, 1924, C.U.C., vol. 32, 1924 AG: file "A".

Formerly, the Union had had two or three vice-presidents, usually from Ontario. After early 1925, the Union had a vice-president from each province with a significant affiliated movement. Each vice-president was charged with the task of furthering the Union's cause in his jurisdiction and of uniting co-operative sentiment into sound provincial institutions.

## vii

As promising as the developments were on the Prairies, they did not immediately offset the failures in Southern Ontario. Because of these failures, the Union's traditional sources of funds had been decimated, and, by the end of 1923, it owed Keen nearly \$1,700 in back salary. As the deficits increased, Keen made such appeals as: "I have got to the end of my resources, am incapable of greater sacrifice....",<sup>1</sup> but with little success.

Finally, in 1924, as the arrears on Keen's salary<sup>2</sup> approached a sum equivalent to one year's salary, a saviour appeared. J.L. Counsell, a Hamilton lawyer who emulated Clarence Darrow in his assistance to oppressed causes, became convinced that co-operation might resolve some of

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1. Keen to Good, September 15, 1923, C.U.C., vol. 30, 1923 AH: file "W.C. Good".

2. Keen to J.P. Warbasse, November 21, 1924, C.U.C., vol. 32, 1924 AG: file "C".



Canada's problems. Counsell believed that the movement might be the vehicle whereby workers and farmers could be brought together in the common fight against the professional classes.<sup>1</sup> He wanted the C.U.C. to launch a new campaign to gain the support of unaffiliated co-operatives, hoping that enough support would be found to finance the movement adequately. He contributed \$1,000 to the campaign, suggesting that \$750 be used by Keen for travelling and the remainder for special publications. Aware of the difficulties facing the Union, however, he explicitly indicated that the funds should be used as the executive wished.

To aid further in the C.U.C.'s expansion, Counsell undertook to secure railroad passes for Keen from both the C.N.R. and C.P.R. With the aid of Good, he was successful in this endeavour, partly because both H.W. Thornton, president of the C.N.R.,<sup>2</sup> and Sir Edward Beattie, president of the C.P.R.,<sup>3</sup> were sympathetic to the movement. This service performed by Counsell was vitally important because it allowed Keen to make his many trips west during the remainder of his career. Without the trips, the C.U.C. would never have had the chance to take advantage of the co-operative movement on the Prairies.

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1. Counsell to Good, March 28, 1924, G.P., vol. VII, file "Correspondence 1924 AD"...

2. H.W. Thornton to Good, July 4, 1924, C.U.C., vol. 32, 1924. AG: file "C".

3. Sir Edward Beattie to Good, June 27, 1924, ibid.

The necessity of reaching into the West for new supporters was graphically demonstrated at the 1924 Congress held during November in Toronto. If possible, it was an even more drearier meeting than the last Congress held two years earlier in Woodstock.<sup>1</sup> Delegates attended from the Englehart, Port Rowan, Guelph, and Woodstock societies, but most of the people present were from unaffiliated agrarian co-operatives. There were no representatives from outside Ontario, and there were only a few telegrams extending good wishes. The Union's deplorable financial situation was indicated, regretted by all, but not solved by any new initiative. Resolutions, as at previous Congresses, were passed in favour of federal legislation, the affiliation of all genuine societies, and the support of trades unionists; they were mere gestures, part of the litany, and they elicited the same essentially disinterested response as in the past.

There was only one partly encouraging development at the Congress: the society in Revelstoke, acting upon the requests of other successful B.C. co-operatives, requested the formation of a provincial educational institution. This request grew out of the long-felt isolation of the societies in the Rockies and out of Keen's successful western visits. The tours, in particular, had made the societies aware of

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1. The following description is derived from C.C., December, 1924, pp. 7-12.

the value of closer co-operation, even though not all were anxious to work under the Union's supervision. At the Congress, the B.C. request was viewed sympathetically, but the delegates strongly urged the creation of a provincial section rather than an independent organization. As events turned out, internal dissension and economic problems undermined the effort to create a provincial organization, but the request, at least, had indicated that there was some activity on the west coast.

Following the Congress, representatives from the C.U.C., the U.F.O., the provincial government, and a number of Ontario producer co-operatives met to see if some joint educational activities could be undertaken.<sup>1</sup> The meeting had been called on the Union's initiative in an effort to recover something from the wide-spread failure of co-operatives between 1921 and 1924. All of the organizations represented—including the Peel County Alfalfa Seed Producers, the Merlin Farmers Co-operative, the Farmers Co-operative of Prescott, the United Dairyman's, the Oshawa Fruit Growers, and the Ontario Honey Producers--outlined the scope of their activities and expressed their interest in education programs. In introducing the delegates of these organizations, W.C. Good said that it would be difficult to organize joint efforts from among such diverse organizations, but that he

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1. C.C., December, 1924, pp. 12-13.

hoped it would be possible. His thought proved to be more realistic than his hope: the meeting appointed a committee to consider joint programs, but the committee seldom met, and it accomplished nothing.

By 1924, the Union was virtually at a standstill in Southern Ontario: it was still seeking support but its efforts were like searching for an audience in a graveyard. Not until the mid-thirties would there be a real opportunity to gather strength in Ontario south of North Bay. The real hope, the only hope, lay in the hinterland, in those regions dominated economically by the very region in which the Union had failed and had chosen to live. And it was to the English-speaking hinterland--to Northern Ontario, the Maritimes, British Columbia, and, especially, the Prairies--that the Union would turn between 1925 and 1928.

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## CHAPTER EIGHT

### PROSPERITY AT LAST:

#### FROM THE CONGRESS OF 1924 TO THE CONGRESS OF 1928

Many consumers are as hungry for "bargains" as a brook trout is for bait--and usually with a similar result. "Bargain" stores and "chain-stores" are fishing rods wielded by the profit-seeker to catch the inexperienced and unwary consumer. The co-operative store is operated for his gain. The final advantage to the consumer is with it, if he has enough common sense to appreciate the fact, and loyally support it.

George Keen,  
C.C., July, 1925, p. 14.

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

George Keen,  
C.C., March, 1928, p. 5.

In the enthusiasm which was displayed, in the confidence in the future of the Movement which was shown, and in the practical results which accrued, the Lloydminster Congress must be considered an unqualified success. We feel it to be no exaggerated prognostication when we say it is likely to mark the commencement of a new era in the history of Co-operation in Canada.

George Keen,  
C.C., August, 1928, p. 3.

J.L. Counsell's contribution of money and his securing of railroad passes for Keen made the Union's task easier after 1924. The railroad passes, in particular, made it possible for Keen to travel extensively, a convenience denied him before. But these gains did not immediately resolve the Union's financial problems. Only fourteen societies were able to send in any contributions for 1924, and only nine of these could meet the modest recommendations of the Guelph Congress.<sup>1</sup> To reduce costs, Keen, late in 1924, dispensed with the services of his daughter, Julie, who had been serving as his secretary. Her release saved the Union five hundred dollars a year, but it made Keen's duties, already onerous, even more difficult. Aside from the heavy routine work required for such tasks as editing a monthly periodical and preparing a monthly statistical survey of the national movement, he was deluged with countless enquiries from across Canada. The waning depression had aroused considerable interest in co-operation, and many individuals wrote Keen requesting information. At the same time, he was struggling as best he could to help the member societies which were in

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1. Keen to J.P. Warbasse, November 21, 1924, C.U.C., vol. 32, 1924 AG: file "C".

financial difficulty. Neither of these two steadily expanding tasks attracted much new capital to the Union, but they did dissipate Keen's efforts and increase the organization's expenses.

By early 1926, the C.U.C. was back to about the same financial position it had been in in 1924; most of Counsell's contribution had been spent,<sup>1</sup> and George Keen's salary was close to a year in arrears. Once again a search was undertaken for a benefactor. W. Waldron asked for contributions from the Co-operative Wholesale Society and the Co-operative Union of Great Britain.<sup>2</sup> The first response given by the British co-operators was regrettably negative, linked discouragingly with the observation that, "the best workers in the Co-operative Movement are seldom adequately remunerated for their services when living and are soon forgotten after they are dead."<sup>3</sup> Despite such pessimism, the co-operators overseas were very interested in the Canadian movement, and, in time, they would do much to aid its development.

In the midst of the worsening financial crisis, the

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1. J.F. VanLane to Good, June 22, 1926, C.U.C., vol. 39, 1926 NW: file "V".

2. W. Waldron to T.W. Mercer, January 26, 1926, C.U.C., vol. 37, 1926 CD: file "Co-op & Markets Bch., Sask. Dept. of Agriculture".

3. T.W. Mercer to W. Waldron, February 13, 1926, C.U.C., vol. 37, 1926 CD: file "Co-op & Markets Bch., Sask. Dept. of Agriculture". It was typical of Keen that he disagreed with this judgment, believing that as the movement inevitably prospered, its pioneers would be remembered by a grateful posterity. Keen to Waldron, February 13, 1926, ibid.



Union reached its lowest ebb in Southern Ontario. In 1925, the last strong society, Guelph, went into bankruptcy. This failure was a particularly bad one for the Union because Guelph had always been a shining example of how co-operation could thrive in industrial Ontario. Throughout the early twenties, especially, it had provided stability for a crumbling movement and had shown the value of generally cautious business techniques. It had also provided an example by consistently endorsing the Union's work and by providing more than its share of the costs of Keen's labours.<sup>1</sup>

The crisis which eventually destroyed the Guelph society began during 1925. Carter had resigned as president in 1922, and, shortly afterward, G.F. Bibby, the society's manager since 1907, also left the organization. The change in direction, along with the difficulties of the depression, partly explain the problems encountered in 1925. The new manager, a former salesman in a "high class grocery store",<sup>2</sup> proved to be incapable of supervising what had become a complex store with many departments. His failure was attested to by the fact that the society's surplus declined from \$8,000 in the last half of 1924 to \$41.34 in the first six months of 1925.<sup>3</sup>

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1. C.C., September, 1924, p. 3.

2. Keen to Miss Margaret Mackintosh, November 17, 1926, C.U.C., vol. 38, 1926 EN: file "Mc and Mac".

3. Circular No. 12 of 1925, November, 1925, p. 2, ibid., vol. 205, Miscellaneous Correspondence: file "1925".

But the real problem was not the manager, who could have been replaced: it was a basically unsound system of financing the society, a system which had developed because of the generosity and ability of Samuel Carter. Over the years Carter's acumen and reputation had allowed the society to construct a business with fixed assets of nearly \$40,000 on not much more than \$14,000 in share capital.<sup>1</sup> This expansion had been made possible by a bewildering series of loans, small and large, from various individuals and companies. Such a technique had always been justified on the grounds that, in times of stress, the society's property could be mortgaged to meet its debts. With the difficulties emanating from the depression and with the weaknesses of the new management, the debts quickly grew during the early twenties. By 1925, the total debt, including \$14,000 outstanding in customer accounts, amounted to more than \$31,000.<sup>2</sup>

When the poor showing of the first six months became evident, the society's sources of credit turned increasingly negative, and a number of members began to cash in their shares. By September, 1925, it was obvious that the organization was in serious difficulty, and a meeting, attended by Keen,<sup>3</sup> was held to consider how new capital might be raised.

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1. Circular No. 12 of 1925, November, 1925, p. 2, C.U.C., vol. 205, Miscellaneous Correspondence: file "1925".

2. Ibid.

3. Keen had been critical of Guelph's business methods for many years but had never been able to convince the society's executive. Keen to H. Fletcher, March 3, 1926, C.U.C., vol 41, 1927 EK: file "G".

The members at the meeting decided that the best solution was an increased effort to gain more investment from the society's members.

Just as a relatively-satisfied Keen returned to Brantford, Samuel Carter reappeared to try to save the co-operative. In return for being appointed business manager and for being repaid eventually at minimal interest, Carter offered to invest \$25,000 in the society, enough to buy all debts at the rate of fifty cents on the dollar, more than the creditors would likely receive from a foreclosure. Carter's investment would also leave enough excess money to provide working capital. Apparently his proposal was acceptable to all, even the creditors, and tentative arrangements were made. Almost as quickly, however, Carter withdrew his proposal, thereby fatally crippling the society by publicizing its difficulties and postponing, at a crucial time, the campaign to sell more shares.

Immediately following the withdrawal of Carter's offer, the frightened major creditor issued a writ, and the society was forced to close. The closing was a tragedy not only because the society's share capital was unimpaired and its buildings unencumbered, but also because Guelph was the last strong Union affiliate in Southern Ontario. After more than fifteen years of hard labour, the C.U.C. had failed to start

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1. Keen to Miss Margaret Mackintosh, C.U.C., vol. 38, 1926 EM: file "Mc and Mac".

a strong movement near its own offices and in the country's wealthiest region.

One explanation for the failure in Southern Ontario between 1918 and 1926 was the existence of crucial faults in the approach taken by the national executive. George Keen was not a good businessman, and he was too hesitant to intervene when basic problems started to appear in individual societies. In an age when chain stores, through careful centralization and the pooling of orders, were expanding rapidly, Keen did not press hard enough for the integration of the Southern Ontario movement. The result was that too many weak societies were left to fend for themselves in an adverse world. In the final analysis, the services rendered by the Union--essentially the collection of statistics to help directors evaluate their businesses--were insufficient during the early twenties.

Similarly, neither Samuel Carter nor W.C. Good were as competent co-operative businessmen as the Southern Ontario situation demanded. Both were successful in their respective personal economic affairs, but they were too preoccupied with other activities to provide leadership for the co-operatives they stimulated. Whatever success Carter achieved in aiding the Guelph society was directly attributable to his accomplishments as a manufacturer of woollen goods. He caused the Guelph organization to prosper until the early twenties by applying the same ability to dominate and to

direct that he had used in making Royal Knitting Mills successful. In the end, though, he produced no strong successors among his less capable associates, and he left behind an unmanageable system of financing.

W.C. Good's handicaps as a co-operative businessman were of a different nature. Good, more of an idealist than Carter, and, with a much more reflective mind, was not really comfortable in the business world. He was much more at home tilling the soil according to the latest maxims of agronomy, or playing the role of social critic and reform spokesman. Perhaps if he had been more mundane, more practical, he could have been a better businessman; and he might have saved the Brant Farmers' Co-operative.

Another explanation for the failure in Southern Ontario was that the rank and file let the movement down. This explanation was the one most favoured by a bewildered George Keen. According to this view, co-operation did not depend upon its leaders but upon an educated, dedicated membership. Thus, failure resulted from members not patronizing their societies faithfully and from directors not serving their constituents with sufficient dedication. The problem with this approach is that it was nearly always at least partly correct. There were so many imponderables involved in the failure of every society that it was possible to argue, in each case, that more loyal patronage by the membership or a wider concern for the well-being of the society would have

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made survival possible. Because its executives accepted that truism, the Union probably did not criticize itself sufficiently, with the result that it did not adjust quickly enough to meet the competition in Southern Ontario.

The competition, aggressive, innovative, and professional, was the third major explanation for the failure. The traditional retail stores declined markedly during the depression of the early twenties--over 5,500 of them were forced to close--but the chain stores consolidated their competitive position. After 1925 and until 1930, the chains made very rapid expansion, and, in the latter year, they accounted for more than ten percent of all stores in Canada.<sup>1</sup> More importantly, the chain stores expanded most rapidly in the urban areas of Central Canada.<sup>2</sup> Such chains as Loblaws, Dominion, and the Red and White were learning the advantages of mass buying and centralized direction. In contrast, co-operatives, by emphasizing local control, were standing against the efficiency of modern distributive systems and modern means of communication. Instead of seeking new ways to integrate, the C.U.C. stood for nearly absolute local control over all types of co-operative activity: the ideal was noble, but, in a steadily more complex society, most difficult.

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1. Government of Canada, Report of the Royal Commission on Price Spreads (Ottawa, 1937), p. 201.

2. Ibid., p. 202.

Co-operation, as represented by the C.U.C., also failed in Southern Ontario because there were not enough demands which it alone could resolve. Contrary to what the executive believed, not many Canadians were attracted by the pure philosophy of the movement; most men and women embraced co-operation because it served their ends in essentially unrelated fields. As it turned out, most of these fields had the one common characteristic of being opposed to the interests of Southern Ontario: the wheat farmer of the Prairies, the penny-watchers in Quebec, the fisherman of the coasts, the miner of the North, all had the feeling of being exploited by Southern Ontario, and they built movements in large part on that attitude. Until the Union could amalgamate these forces, it would remain a bewildered body, isolated in its own province, criticizing vigorously Ontario's habits, and seeking to unite the hinterland against the metropolis.

## ii

In 1925 the serious search for strength outside of Ontario began, and, as the Guelph society fell, even more attention was devoted to Northern Ontario, British Columbia, the Maritimes, and the Prairies. These regions varied considerably in their attractiveness, and none of them initially offered the adhesion of much strength. Yet the Union, even if it wanted to, did not have much choice: its own land

infertile, it had to seek work in the neighbours' undeveloped fields.

Northern Ontario in 1925, but especially between 1927 and 1928, was a good region for co-operative evangelizing. There were three main factors which help to explain the movement's appeal in the farming and mining centres of the North. In the first place, during the early years, the distribution of consumer goods was expensive and easily subject to predatory exploitation. While the general public likely overestimated their rapacity, company stores and merchants, faced with little competition, were doubtless able to make more profit than their investment of time, money, and work would ordinarily entitle them to. Secondly, unionism was a strong force in the mining towns and, in the institution of the U.F.O., among farmers; co-operation, however tenuously, was associated with both these movements, and it naturally prospered as they did. Finally, there was a babble of voices on the northern frontier reflecting Ukrainian, German, Finnish, or other national homelands, and these groups, adrift in a strange society interested only in their labour, banded together for protection and for comfort. Many of them found in co-operation a means of furthering their own economic interests and providing for their leaders the prestige of holding office.

Among all the northern societies, Waldhof attracted the most sympathy from the Union's executive in Southern Ontario.

Located between Dryden and Kenora, Waldhof contained a large number of German settlers some of whom had organized a co-operative in 1913. For the first dozen years the society had operated on a part-time basis by opening its doors a few half-days each week. In 1926 profits were sufficiently large to permit the opening of a new store and the application for membership in the C.U.C.<sup>1</sup>

The Waldhof organization, typical of most of the agricultural societies in Northern Ontario, depended upon other nearby basic industries, in its case, pulp and paper. During the late 1920's, in particular, this industry fluctuated considerably with the result that the society went through a continuously trying period. The effects of this constant fluctuation were social as well as economic. No sooner did the first generation of immigrants carve a home out of the wilderness for themselves and their families, than their sons and daughters would leave to seek prosperity and a fuller life elsewhere. To a degree, the northern agricultural communities were sharing in the more wide-spread problem of rural depopulation, but the intensity of the difficulty seems to have been more acute. Because it seemed so, the movement had an added task of preserving a way of life, a task that led Keen to comment:

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1. C.U.C., vol. 147, 1927 LY: file "Waldhof Farmers Co-operative Club Ltd.--1927".

...the development of co-operative societies, and the providing through the same much greater facilities for recreation, entertainment and education, will do much to stem the movement of young people from the land to the cities. In your district, particularly, conditions seem to have been very hard for some years, and I can realize that it is only real devotion to the land which keeps people on it. This naturally applied more to the older than to young people.<sup>1</sup>

The same problems perplexed other farmers in Northern Ontario in the twenties with the result that at least ten co-operatives, formally and informally organized, emerged in the rural regions. At first, most of these societies, like the Waldhof organization, functioned only on half-days or occasionally for one or two days per week. They started, often with the aid of the U.F.O., as depots where farmers could order their most important supplies. The Charlton society, organized in 1920, for example, followed the common pattern by slowly building up its business until it could open a grocery store in 1926.<sup>2</sup> It applied for affiliation in that year and was admitted, a new lenient fees structure being developed for it and for similar societies.

Charlton was a welcome addition, but it was not a strong organization. Its basic problem was that the men behind it had no business training and did not even know how to draw up a financial statement. From his office in Brantford,

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1. Keen to P.F. Schoonenberg, May 20, 1929, C.U.C., vol. 151, 1929 MW: file "Waldhof Farmers' Coop Club--1929".

2. C.U.C., vol. 144, 1926 AL: file "Charlton & District."

therefore, Keen had to attempt virtual correspondence courses on elementary business methods.<sup>1</sup> Even after he had completed his teaching from afar, the lack of organizational ability among the society's leaders made progress very difficult: despite Keen's efforts, for example, the society was never very certain about its economic position and could seldom submit records.<sup>2</sup>

Neither Waldhof nor Charlton was a large society, but together with Englehart, a stable organization remaining from the days of the U.F. Co-op, they marked the beginnings of a potentially strong movement among northern farmers. Just as importantly, they were a dependable group of societies to be seen as a moderating influence upon the northern urban co-operatives that emerged in 1927 and 1928. And as will be discussed below, that moderate quality was an important asset for the Union during the later twenties and early thirties.

### iii

The co-operative movements of British Columbia and the Maritimes had much in common in 1925 and 1926. Both possessed stable consumer co-operatives in their mining regions, and these were generally sympathetic to the Union. Both also

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1. See C.U.C., vol. 144, 1926 AL: file "Charlton & District" for lengthy correspondence.

2. See ibid. and C.U.C., vol. 146, 1927 AY: file "Charlton District".

possessed growing agrarian co-operative movements that were far less interested in the Union's activities. Finally, both regions were witnessing the beginnings of co-operative organization among fishermen, a process to become more noticeable a few years later. With each region having these three branches within its co-operative movement, each was hard pressed to create anything like integrated provincial movements. Indeed, in 1925 and 1926, the task was so great that virtually no effort was expended on it; each wing in each region generally went its own way ignoring whatever advantages united action might have brought.

There were, however, qualitative differences between the British Columbian and Maritimes' movements. While both emanated from basic deficiencies, the needs in the Maritimes were much greater, especially among the miners and fishermen. For the miners of Cape Breton, the worst year was 1925, when strikes, declining markets, and extremism brought new lows in deprivation and poverty. Agnes Macphail, who visited the area when conditions were bad in that year, could not be called an objective, unbiased observer, but the essence of her observations given in the House of Commons had some validity. She portrayed Sydney Mines in the following way:

I want to describe the town so you will know how I feel when night came on. Uptown are electric lights and a sewage system, there are some paved streets and sidewalks, there is the Savoy theatre and there are some stores and rum shops--these are closed now.... But when you go back to where the great majority of people live there are no electric lights, there are no sewers, only

open gutters flowing on either side of the road; there are a few houses where there is a way of getting water in, but for the most part there are absolutely no sanitary conveniences at all. Just now in the springtime it is a bog hole, and when night comes, whether in the springtime or not, unless there is good moonlight the place is plunged in absolute darkness.<sup>1</sup>

She complimented the British Canadian society excessively<sup>2</sup> for the free dinners it provided for school children, but she showed little appreciation for the moderate element of which that society was a prominent part. Her sympathies were with the alleged radicals, such as J.B. MacLachlan whom she compared with J.J. Morrison. In particular, she joined the radicals in criticizing the local middle class leadership for turning down a recent offer of a \$5,000 gift from the Soviet government.<sup>3</sup> The conditions she had seen warranted the grasping of everything that was available.

Macphail's account of the working class areas of Sydney Mines help to explain why the British Canadian was so popular an institution. So too does her description of the women she had met in the town:

I could not help but be struck by the tragedy of the womanhood of that place; because to be a woman in a colliery district is a tragedy. Their youth is brief; there are many children; there is poverty, age coming quickly; dependency and death. I do not know how they have kept the little spark of life that their faces still show: there were some young men and some young women who were hotly resentful of the conditions and not afraid to voice their feelings in the matter. But

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1. Debates, House of Commons, 1925, p. 1731.

2. Ibid., p. 1727.

3. Ibid., p. 1731.



for the most part, especially if they had many children, their attitude was subdued, pathetic--I can think of no words that so well describe it.<sup>1</sup>

No wonder that the British Canadian, with its sponsoring of social events of all kind, was seen as an important social institution deserving respect and support.

As the low point was reached in 1925, the C.U.C. executive, informed by local co-operators, decided to start a relief fund for the miners. The seriousness of the situation was revealed by the fact that, in the first four months of that year, the British Canadian donated 20,000 meals to the locally distressed.<sup>2</sup> This contribution was not made easily because in March of that year the society encountered heavy losses in a fire in its North Sydney branch store.<sup>3</sup> The fund eventually garnered about \$500 and many donations of food and provisions from numerous co-operators and several societies across the nation.<sup>4</sup> These contributions were not as insignificant as they now might seem, partly because the donations of clothes and food were quite important, but mostly because the organized Canadian movement was so poor in 1925. In that year, the Union owed Keen more than a

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1. Debates, House of Commons, p. 1733.

2. Stewart to Keen, April 4, 1925, C.U.C., vol. 143, 1925 AY: file "British Canadian".

3. Stewart to Keen, March 25, 1925, ibid.

4. C.C., July, 1925, p. 12.

year's back salary and urgent appeals had produced little response.<sup>1</sup> The contributions may now seem slight, but they represented some sacrifice, especially for Keen.

In 1926 conditions improved somewhat in the mining districts, symbolized by a profitable year for both the Sydney and Sydney Mines co-operatives and by the victory in the Boston marathon of John C. Miles, an employee of the British Canadian.<sup>2</sup> Early in the year, some riots occurred, and one of the buildings owned by the Sydney Mines society was destroyed in a resulting fire.<sup>3</sup> But as the year wore on, more and more miners found employment, and the atmosphere was quieted by the tabling of the report of the federal commission appointed to investigate the problem. The mining regions had started to pull out of their long slump.

Meanwhile, the movement among Maritime fishermen was just beginning, and the agrarian movement was moving steadily forward. The co-operative marketing of fruit from the Annapolis Valley continued to expand, and farmers throughout

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1. J.F. VanLane to Keen, June 22, 1926, C.U.C., vol. 39, 1926 NW: file "V".

2. Stewart to Keen, September 20, 1926, ibid., vol. 144, 1926 AL: file "British Canadian".

3. Stewart to Keen, March 8, 1926, ibid. The fire was apparently accidental. Earlier in the year, however, Stewart believed that, despite the relatively strong support afforded the workers by the co-operative, there was some possibility that its premises would be raided by hungry citizens. As all other retail organizations had transferred their supplies elsewhere, the British Canadian had the only good stockpile of goods in the community. His fears proved to be unjustified. See Stewart to Keen, January 21, 1926, ibid.

the Maritimes were holding numerous meetings that would lead to new organizations in 1927 and 1928. In the eastern part of the province, the general lack of leadership among farmers and fishermen meant that the priests of Antigonish were becoming increasingly more active. The Rural Conference begun in 1924 remained as an annual event, and it stimulated fund-raising for students at Truro Agricultural College and an awakening interest in community problems by St. Francis Xavier graduates. More importantly, the activities of the priests, especially those of Tompkins, were attracting the attention of Canada to the plight of the eastern fishermen, and, in time, Royal Commissions, adult education, and the development of co-operatives would result.<sup>1</sup> Divided, angry, yet powerful, a grassroots movement sympathetic to co-operation was developing in the Maritimes.

An even more incoherent yet equally powerful co-operative movement was developing in British Columbia during 1925 and 1926. Aside from the obvious geographic barriers, factors working against an integrated development in the most westerly province were racial differences, political controversies, severe demarcations between labouring groups, and unending personal rivalries. There were several main branches of co-operative enthusiasts active in the twenties, each seeking to develop its own interests without becoming

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1. See M.M. Coady, Masters of their Own Destiny, pp. 8-10 and A.F. Laidlaw, The Campus and the Community, pp. 65-67.

involved in other co-operative endeavours. In 1925 and 1926 and throughout the decade, however, relations between the various groupings were not particularly competitive or disputatory; they were just not sufficiently close to permit even the appearance of an integrated provincial movement. Distributive co-operation, by itself, was divided into three main sections, the Coast, South Central Interior, and the Kootenay. The Coast movement was primarily interested in providing farmers with seed, feed, and other supplies, although later in the decade it contained some important distributive co-operatives among fishermen. The South Central co-ops provided generally for the same agricultural needs of fruit farmers, while the Kootenay movement consisted mainly of stores in the mining and railroad towns. Amalgamating such a mixture was difficult, and some of the problems were apparent during the formative years of the mid-twenties.

In British Columbia as elsewhere, the C.U.C.'s main connection was with a few struggling consumer societies. It was unable to convince the strong farmer's societies in the province of the value of affiliation, and this failure once again greatly reduced the Union's effectiveness. There were over 180 co-ops operating for the benefit of British Columbia farmers, and some of these, such as the Fraser Valley Milk Producers' Association, were very large. A co-operative

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1. W.J. Bonavia, Co-operation in British Columbia, memorandum, C.U.C., vol. 32, 1924 AG: file "B".

act had been passed as early as 1873, and there had been several revisions since that time in order to provide for the periodic waves of co-operative enthusiasm, especially during the 1890's and the early 1920's. Aaron Sapiro had had a decided impact in 1923 when he had launched a crusade in British Columbia on behalf of agrarian co-operation among fruit growers. His success and the momentum already existing meant that, by 1924, over seventy-five percent of British Columbia fruit was marketed co-operatively.

But, as mentioned, this activity was of little value to the C.U.C. The farmers were interested primarily in finding better ways to market their produce at higher prices. Refrigerator salesmen could meet their needs more readily than could George Keen. Like their Maritime counterparts, these farmers were essentially individualists unsympathetic to the more mystic aspects of the movement. In time, some of the fruit marketing co-ops would become interested in the national organization, but significantly, that interest would arise when the consumer movement on the Prairies formed relatively large wholesales. Until that point, generally not until the forties, the British Columbia fruit growers would group forms of co-operation other than their own with lost or foreign movements deserving to be ignored.

Among the consumer societies in the Rockies, the failures of 1924 left Natal and Revelstoke as the only Union affiliates. With a combined trade of less than \$150,000 per

year, these two societies were too weak to provide much support for the Union. Similarly, among the fishermen on the Pacific coast, the immediate strength did not exist, though the potential did. Rigorously controlled by a few middlemen, disrupted by racial unrest, and forced to change because of technology, the fishing industry was seething with dissatisfaction in 1925 and 1926. In time, this dissatisfaction would erupt into militant co-operative institutions.

## iv

Thus, there were promising signs in Northern Ontario, the Maritimes, and British Columbia during 1925 and 1926. But promises were all these regions could offer. To gain strength during those years, the Union had to take advantage of the very real progress being made on the Prairies. The key to the development of strong Prairie affiliation lay in the creation of strong provincial movements. Man had declared that the region would be divided into three, and the Union because of legislative differences, provincial loyalties, and government services could not contest the decision. Capitalists might concentrate on Winnipeg or Calgary and develop Prairie-wide businesses, but the Union could not.

In 1924 the C.U.C. had hoped that the device of appointing vice-presidents from each province would stimulate provincial integration. Almost immediately, it was apparent that this device was inadequate. Perhaps the greatest

disappointments were encountered in Alberta where an early interest had been shown in the C.U.C. and where the marketing movement achieved remarkable early unity. An Alberta Co-operative League was established in 1924 with George Keen as its honorary president, but it made slow progress during the mid-1920's. The most prominent society in this League was Wetaskiwin, and the most important official was T. Swindlehurst, the manager of the Edgerton Co-operative. In Keen's view, Swindlehurst was one reason for the League's stagnation because, though he was well meaning, he was "lacking in knowledge and vision, and unfortunately somewhat pedantic in his views."<sup>1</sup> Nevertheless, despite his faults, Swindlehurst was responsible for keeping the Albertan League alive and at least marginally associated with the C.U.C.

During 1925 and 1926 a number of Albertan co-operators attempted to make the League a more powerful organization through the establishment of a wholesale in conjunction with the U.F.A.<sup>2</sup> But the consumer societies did not have sufficient strength, financially or managerially, to make the establishment of a wholesale attractive for the pragmatic U.F.A. Nor did the Alberta societies have enough power before 1928 to launch their own wholesale. All that existed

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1. Keen to T.W. Mercer, February 3, 1926, C.U.C., vol. 37, 1926 CD: file "Cooperative Union England".

2. See correspondence between Keen and W. Halsall, August, 1924, C.U.C., vol. 142, 1924 AY: file "Killam" and vol. 143, 1925 AY: file "Killam".

were definite, but unorganized, demands for increased provincial unity and improved methods of securing cheap supplies.

Similar demands were appearing in Manitoba and Saskatchewan by 1926. In Manitoba, during March, 1926, representatives of eleven co-operatives, most not affiliated with the C.U.C., met in Winnipeg to form a Co-operative Union of Manitoba. The most prominent organizations behind this move were the Manitoba Wheat Pool, the Manitoba Co-operative<sup>1</sup> Dairies, and the Manitoba Co-operative Poultry Producers. A manifestation of continuing opposition to the U.G.G.'s allegedly unsatisfactory Supply Department, this Union quickly drew up plans to form its own wholesale organization. It also devised a wide-spread educational campaign in conjunction with the Manitoba Co-operative Marketing Board aimed at organizing all provincial co-operatives into a unified body.

The drive for increased provincial integration in Manitoba did not at first have the assistance of the C.U.C. Most of the organizers of the provincial Union believed that the national organization was too preoccupied with British precedents and Ontario developments to be of much service to Manitoba.<sup>2</sup> In their view, the C.U.C.'s preoccupation with consumer co-operation in the British pattern had meant that

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1. G.W. Tovell to Keen, March 11, 1926, C.U.C., vol. 39, 1926 NW: file "W".

2. G.W. Tovell to Keen, March 20, 1926, ibid.



it could be effective only in Ontario where conditions were possibly similar to those in England. In the West, conditions were different, co-operative marketing was much more important, the English experience was less important, and the national Union irrelevant.

After writing many times pleading for co-operative unity, Keen arranged to meet the promoters of the Manitoba Union when he went on his western itinerary in 1926. At the meeting, Keen was successful in slowing down the separation of Manitoba from the national movement and in arguing for a change in name from the Co-operative Union of Manitoba to the Manitoba Co-operative Conference, a name in keeping with the similar Saskatchewan organization established in 1924. He did not gain the outright affiliation of the Manitoba organization, but he did prevent it from launching a premature wholesale venture, and he did maintain relatively friendly relations with its leaders.

The importance of local conditions and local power struggles was also demonstrated in Saskatchewan. There, the Saskatchewan Co-operative Conference had been meeting annually since 1924 under the guidance of the Co-operation Branch of the Department of Agriculture, and with the enthusiastic approval of the C.U.C. In 1925, the Conference, led

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1. Keen to Le Department de la Propaganda, des Affaires Juridiques at l'Education, Union Suisse des Societes de Consommation, January 30, 1930.

by the C.U.C. affiliates in Davidson, Young, and Edenwold, arranged for Keen's itinerary and began to plan for the creation of a co-operative wholesale society.<sup>1</sup> The former project was carried through with considerable success, much to the encouragement of a national Union badly demoralized by the collapse of the Ontario movement. Creating the wholesale was much more difficult because it involved the interests of both the marketing organizations and the consumer societies. Since 1914 the Saskatchewan Grain Growers' Association had operated a Trading Department to serve the larger needs of its locals throughout the province. This Trading Department was partly owned by the member organizations in that each society could purchase its debentures and gain voting rights. Such a system, necessary because most locals lacked strong organizations, worked relatively well until the early twenties when adverse economic conditions created instability and jeopardized the Department.<sup>2</sup> As for the Farmers' Union, its members, like Aaron Sapiro, frequently opposed consumer co-operation because it diverted attention from marketing and tended to antagonize important community leaders.<sup>3</sup> In 1925, therefore, the consumer co-operators in Saskatchewan were badly treated by the two older farmer

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1. C.C., June, 1925, pp. 9-10.

2. J.F.C. Wright, Prairie Progress, pp. 59-65.

3. C.C., February, 1925, pp. 5-6.

organizations: from one came inadequate service and from the other came outright opposition.<sup>1</sup>

Among the C.U.C. affiliates, Davidson and Lloydminster were the most active supporters of the idea of creating a wholesale organization. In late 1924, these two societies, along with the unaffiliated Melfort society and under the guidance of Keen and Waldron, organized a collective buying committee. This committee functioned well, and, by 1925, its supporters were strongly promoting the organization of a wholesale under their control. In doing so, the wholesaling advocates were immediately embroiled in a debate with the antagonistic Farmers Union.<sup>2</sup> Aside from the factors mentioned above, F.U.C. opposition was part of a steadily intensifying competition with the S.G.G.A. The Farmers Union, in that competition, used, with apparent success, the argument that the Trading Department of the S.G.G.A. was a cause of weakness because it aroused animosity and dissipated effort.<sup>3</sup> This charge, of course, made it more difficult for advocates of the wholesale to find support in the countryside because it disparaged all farmer consumer co-operatives.

On the other hand, the S.G.G.A. still had a vested interest in wholesaling. Its Trading Department was not a

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1. The Saskatchewan Wheat Pool, organized in 1924 was not at that point interested in wholesaling.

2. H.W. Ketcheson to Keen, April 17, 1925, C.U.C., vol. 143, 1925 AY: file "Davidson".

3. Keen to H.W. Ketcheson, April 24, 1925, ibid.

particularly prosperous part of its operation, but its future looked promising. There were over three hundred consumer organizations in Saskatchewan, and, even though the vast majority of them were buying circles, they still represented over three million dollars worth of trade annually.<sup>1</sup> The Association also had a considerable amount of money invested in its Trading Department, an investment that could be lost if the larger consumer societies organized their own wholesale. At the very least, therefore, the Association had to protect its interests by making sure that any new wholesale took over its stock and other investments.

Negotiations between the S.G.G.A. and the co-operators wanting their own wholesale began in 1925 when the former proposed a union of forces. The effort bogged down over the question of who should control the board of directors, each side naturally arguing for its own dominance. By mid-1926, the issue had been argued to a standstill despite the urgings of Keen who believed that a wholesale was essential if chain store competition was to be adequately met.<sup>2</sup>

Thus, by the summer of 1926, the co-operative movement on the Prairies showed considerable promise, but it was in serious disarray. The Union held its Congress of that year

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1. J.F.C. Wright, Prairie Progress, pp. 63-64.

2. Minutes of Conference of Saskatchewan Co-operative Conference, July 18, 1926 (with notes appended by Keen). C.U.C., vol. 37, 1926 CD: file "Coop & Markets Bch., Sask. Dept. of Agriculture".

in Edmonton, an indication of the increasing importance of the western societies. At the Congress, the Union could not resolve the problems with which it was confronted because most of them lay beyond its area of influence. The problems of wholesales, for example, would not be resolved until the large producer organizations decided upon their "pecking order" and upon the role of wholesaling within their activities. Nevertheless, the Union could state its case and could ask for a position within the movement; it was this statement and this request that took up most of the time at the 1926 Congress.

The first point the C.U.C. made at the Congress was that its plan of creating provincial sections could meet the needs of the Prairie provinces. Manitobans and Albertans, especially, had been critical of the lack of a C.U.C. presence and had taken paths divergent from that of the Union. To forestall future separatism and perhaps offset that of the past, the Union pledged itself to flexibility in the future. Keen and Good promised that the Union would be governed by the wishes of organized provincial co-operators, recognizing that conditions on the Prairies made it impossible to follow the complete Rochdale system. They further promised to allow local co-operators to decide upon how marketing operations should be performed.

The Union also placed itself on record as being strongly

in favour of the creation of wholesale societies.<sup>1</sup> It warned western co-operators, however, that wholesales must develop slowly and in response to local initiative. It was important, in the Union's view, that the western organizations avoid the errors of the United Farmers of Ontario. No effort, it believed, should be made to create an aggressive central wholesaling agency under the tight control of bureaucrats. Wholesales must develop as societies emerged with sufficient sales to support such an organization. And, in the Union's view, only Saskatchewan, of the three Prairie provinces, had the developed trade believed necessary.

## v

The 1926 Congress reflected other developments beside the growing importance of the Prairies. It marked the first time that co-operative enthusiasts from other nations played an important part in the discussions. The only previous outside observers--the Montreal representative of the C.W.S. who had attended the 1911 Congress, and Professor C.R. Fay, who had taken part in the 1921 Congress--had played insignificant roles in the Union's deliberations. The 1926 foreign representatives were four officials of the Co-operative Wholesale Society in England and John H. Walker, a Chicago

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1. A committee was appointed at the Congress to organize a collective buying scheme. Unfortunately, it accomplished very little because its members, drawn from the three Prairie provinces, could not easily be brought together. H.W. Ketcheson to Keen, September 13, 1926, C.U.C., vol. 144, 1926 AL: file "Davidson".

labour leader who was also a director of the Co-operative League of the United States. These five men participated in most of the debates that came before the Congress, a valuable involvement since all of the other delegates came from the Prairies and British Columbia. The main point they tried to stress was the need for greater co-operation between the Canadian, British, and American movements.<sup>1</sup>

Although Walker, the American delegate, proposed that a continental co-operative organization be developed, his idea was not even discussed. The most important blending of national movements was still thought to be between the Canadians and the British. The representatives of the British wholesales made strong appeals for the patronage of the Canadian consumer societies and also for the adoption of British methods. John Penny, a director of the C.W.S., argued that, while agricultural co-operation was important, it was essential that consumer societies be developed in the British tradition.<sup>2</sup> Without such development, many Canadians would not join the movement, and the full benefits of co-operation could not be achieved. The British co-operators, in short, echoed and gave emphasis to the approach taken by the Union for over fifteen years.

Because the general tenor of the Congress seemed to

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1. For a complete description of the Edmonton Congress, see C.C., August, 1926, pp. 10-18.

2. Ibid., p. 17.

vindicate Keen's approach, he was satisfied with its proceedings. He played a dominant part in the discussions, partly because W.C. Good was unable to travel west, and partly because his viewpoint still held novelty for the western delegates. He was also pleased because the deficit owing to him had declined somewhat to just over \$1,500<sup>1</sup> and because the western organizations showed an interest in reimbursing him for past services. To cap these welcome developments, the annual statistics for 1925, released in December, 1926, showed a \$200,000 increase in sales despite the collapse of the Guelph society. Sixteen consumer societies with a membership of over 7,000 and share capital in excess of \$350,000 sold over \$2,750,000 worth of goods and disbursed \$120,000 in dividends. The United Grain Growers, with 42,700 members, and \$3,250,000 in capital sold nearly \$5,500,000.<sup>2</sup> The year 1926 was even better in some respects: twenty societies with over 7,800 members and amassed capital of \$435,000 reported sales of \$3,350,000 and the distribution of \$165,000 in purchase dividends. In the same year the United Grain Growers, with 43,000 members and \$3,350,00 in capital, sold \$5,400,000.<sup>3</sup> The Union was coming into better times.

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1. C.C., August, 1926, p. 13.

2. C.C., December, 1926, pp. 8-9.

3. C.C., August, 1927, pp. 8-9.



The improving trend in the regions outside Southern Ontario continued during 1927 and 1928. In the Maritimes, the economy continued to improve, especially in the coal mining districts, and in 1927 more coal was mined than in any year since 1914. This improvement was reflected in the business done by the British Canadian society which retailed over \$1,600,000 in 1927, an increase of nearly \$250,000 over 1926.<sup>1</sup> These gains indicated that the co-operators of Cape Breton, as represented by the British Canadian,<sup>2</sup> had survived the difficult times of the early and mid-twenties and had even managed to move forward.

But it was also clear by 1927 that the unrest in the mining towns had had their negative effects. The British Canadian, with its five or six branch stores, and the Sydney Co-operative stood alone. No new stores had started during the mid-twenties, and expansion thereafter would be difficult; for, in the long run, the limitations of the total co-operative viewpoint, in the context of the 1920's, were clearly apparent. Throughout the crisis, co-operation had served as a provisioner for trades unionism; it had had very little to say about the industrial unrest, and what local co-operators did say was conservative and hesitant.

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1. C.C., July, 1928, p. 9.

2. The Sydney Co-operative just broke even in 1927. Ibid.

W.C. Good had suggested that the mines be operated on a labour co-partnership basis,<sup>1</sup> but his idea was greeted by a thundering silence. In a Canadian context, co-operation might feed the hungry in times of extreme unrest; but it would not be regarded by the working man, even where it was strongest, as the total solution; in the struggle for things that mattered, it was the union that made him strong.

Another reason why the troubles of the twenties had enduring significance for the Cape Breton co-operators was that it made them weak at a time when they should have been marshalling their forces for battle against the new breed of private retailers. The local societies had prospered in the past because of the inefficiency and corruption of their competition: after all, dividends of ten to twelve percent on goods sold at competitive prices indicates something about the other stores in Sydney Mines. But, in the late 1920's, the tentacles of more advanced marketing techniques from Central Canada began to appear. Timothy Eaton's stores appeared in Sydney and Glace Bay and began to draw customers away from certain departments of the co-operative. "People are simply going foolish...."<sup>2</sup> was how W.C. Stewart described it, and, in 1929, the society sold only \$60,000 more than in 1928. The days of easy expansion in the Cape Breton mining

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1. Good to Stewart, February 27, 1925, G.P., vol. IX, Correspondence 1925 NW: file "S".

2. W.C. Stewart to Keen, March 16, 1928, C.U.C., vol. 148, 1928 AL: file "British Canadian Coop Soc".

district were over.

Elsewhere in the Maritimes, the priests of Antigonish were continuing to expand their efforts. In 1928, priests and laymen in eastern Nova Scotia started to raise \$100,000 for educational purposes and prompted the governors of St. Francis Xavier University to organize an extension department. In the same year, M.M. Coady appeared before the Royal Commission investigating the fisheries of the Maritimes and suggested a program of adult education and co-operative action for the fishermen; one year later he would be hired by the government to organize the fishermen of the Maritimes and the Magdalen Islands.<sup>1</sup> The grassroots awakening of the fishermen and farmers of eastern Nova Scotia had begun.

The farmers in more prosperous regions of the Maritimes were also on the march. In the spring of 1927 the Maritime Co-operative Live Stock Marketing Board, bringing together eighty-six farmers' clubs in the three Maritime provinces, was started. In less than six months it sold nearly \$400,000 worth of livestock. In the same year, the Maritime Co-operative Poultry and Egg Exchange was formed, bringing together earlier co-operative marketing organizations in New Brunswick and Nova Scotia.<sup>2</sup> This movement, too, was coming to life in the Maritimes.

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1. A.F. Laidlaw, The Campus and the Community, pp. 66-68.

2. Canadian Annual Review, 1927-28, p. 438.

Yet, the three wings of the movement remained independent of each other. Some contact was made between the priests and the farmers in eastern Nova Scotia, but the former were more concerned about the poorer farmers than they were about the more prosperous, better educated agrarians behind the new farmers organizations. Similarly, the priests were not yet heavily involved with the urban workers who were most closely attached to the consumer societies of Cape Breton.

As for the relations between the farmers and the consumer societies, the animosities between the two, mentioned above, continued to flourish. During the difficult period between 1924 and 1926, the mining co-operatives were too involved in merely surviving to pay much attention to the increasingly-common farmer co-operatives appearing in the Maritimes. In 1927, however, the British Canadian society, encouraged by an improving economic environment, embarked on an expansionary program, including the construction of a milk plant in competition with a nearby farmers' plant.<sup>1</sup> A bitter controversy developed between the competing groups, with the British Canadian eventually winning out. The rivalry indicated in the debate, however, showed the gap that existed in the Maritime movement and pointed out a serious problem for the future: bringing together the priests of

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1. See correspondence between Keen and Stewart, C.U.C., vol. 148, 1928 AL: file "British Canadian".

Cape Breton, the idealists of Antigonish, and the pragmatists of the farm lands would be a difficult task for succeeding decades.

Yet, the important point for the Maritimes co-operators in 1927 and 1928 was that the movement was once again pushing forward. The three groups might be divided and the older stores might be developing slowly, but the movement was finding new life among the farmers, the fishermen, and the priests; out of the depth of economic despair in the early twenties, Maritimers had derived a new determination to control their own destiny.

#### vii

Co-operators in British Columbia also made progress in 1927 and 1928, though their accomplishments were somewhat less remarkable than those of their Maritime counterparts. The B.C. economy took an upswing in late 1926, helping to produce several new societies, two of which brought increased strength to the Union. One of these, the Armstrong society, organized, for the most part, by farmers in the Okanagan Valley, joined the C.U.C. in 1927. It was a strong society because its management followed sound business techniques and because its secretary-treasurer, Robert Wood, was an excellent organizer. The other society was the Sointula Co-operative Association located on Malcolm Island, north-east of Vancouver Island. The Sointula organization, which also

became an affiliate in 1927, was made up mostly of Finnish fishermen, and it had the same strengths and weaknesses as the co-operatives that emerged among other Finns during the same period in Northern Ontario.<sup>1</sup> These two societies, along with the Natal and Revelstoke co-operatives, were the beginnings of what might have been a strong movement in the province; in 1928, for example, their total trade was nearing the \$375,000 mark.<sup>2</sup>

Amalgamating these societies, of course, was the difficult task, a task not seriously undertaken until the late 1930's. Until then, the societies would struggle in isolation. As they did so, they epitomized the great variations which characterized the British Columbian movement. Natal and Revelstoke both emerged in mining districts separated by three hundred miles of poor roads. Armstrong was oriented toward agrarians, while Sointula, made up of Finns who were communist in politics, was interested primarily in fishermen. This communist orientation presented no difficulties in the twenties, though it would in the thirties; in fact, it was the other end of the political spectrum that posed some problems for the Union's development in the late twenties.

Problems associated with conservatism resulted from the stand taken on a number of issues by Robert Wood of the

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1. See below, pp. 473-502.

2. C.C., July, 1928, pp. 8-9.

Armstrong society. In particular, his and his society's relative conservatism were reflected in the stand he took on the Asiatic immigration issue, then, as for many years, a major concern of B.C. politics. Speaking for the society, Wood argued, in contrast to the militantly non-racist approach of the national and international movement, for discriminatory legislation against Indians, Chinese, and Japanese immigrants because:

they pay practically no taxes, they are offensive in their manner of living, and almost the whole of their earnings are sent out of the country. Their children are educated at the public expense, and in some districts are becoming quite numerous in spite of the nominal exclusion of their women.<sup>1</sup>

In the long run, he argued that, if white men and Orientals, "indefinitely exist side by side, the result would be some such condition of affairs as the negro situation in parts of the United States, or even worse."<sup>2</sup> Keen responded in the same way he replied to other advocates of the same position by suggesting that most of the solution rested in the application of minimum wage laws.<sup>3</sup>

As was often the case in his approach to complicated problems, Keen's solution to the issue for labour had the best intentions but was rather simplistic. As Wood pointed out

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1. R. Wood to Keen, December 17, 1927, C.U.C., vol. 146, 1927 AK: file "Armstrong".

2. Ibid.

3. Throughout 1927 Keen engaged in a lengthy debate with T.R.E. MacInnes, one of the organizers of the anti-Asiatic immigration lobby in the province. See C.U.C., vol. 40, 1927 AD: file "A".

in a succeeding letter, many of the abuses developed because of the system used to bring Chinese labourers to work in the various B.C. industries. Syndicates were usually responsible for bringing in the Oriental workers ordinarily in return for stipulated, but often hidden, contributions from the workers over a considerable length of time. This system was very difficult to police, meaning that a minimum wage law would be very hard to enforce, especially in agriculture which was the major concern of the Armstrong society membership. The syndicate system, at the same time, allowed Chinese landowners in B.C. to have first call on Chinese labour, even though, "it is fairly certain that he never pays the same wages charged to his white competitor...."<sup>1</sup> The same system prevailed in the restaurants of Vancouver where white dishwashers received minimum wages but Chinese did not. Thus, Wood claimed, in "one type of business after another",<sup>2</sup> the Chinese were "swiftly and surely" gaining monopolies.

Keen agreed that resolving the economic inequalities was not easy, but he did not see that it was impossible; he was more concerned about the social and racial overtones of the dispute.<sup>3</sup> As an internationalist believing in the power of co-operation as a means of bridging differences, he could

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1. R. Wood to Keen, January 4, 1928, C.U.C., 1928 AL: file "Armstrong".

2. Ibid.

3. Keen to R. Wood, January 10, 1928, C.U.C., vol. 148, 1928 AL: file "Armstrong".



not accept that race could be a permanent cause of separation. Especially in multi-racial Canada, race could not be allowed to remain a significant cause of discord meaning that, in the case of the Chinese, they could not for long be treated as second or third class citizens. At the very least, the franchise would have to be extended to them, and, in the long run, ways would have to be found to incorporate them into traditional white society.

In the same year, Wood protested against the support given to the U.S.S.R. on the pages of The Canadian Co-operator. Many co-operators in the Armstrong district were unsympathetic to the U.S.S.R., some of them because they had suffered during the Revolution.<sup>1</sup> Wood and some members of the Armstrong executive were especially concerned about an article published by Keen in the May edition of The Co-operator. The article had strongly condemned the seizure by the British government of the British offices of Arcos, the organization which operated the Russian co-operatives. For Keen, the raids, along with the expulsions which followed, were violations of British rights and indications of the stupidity of British capitalists; for the members of the Armstrong society, the raids were justified because Arcos was primarily interested in fomenting "murder, purgatory, athletism [sic]<sup>2</sup> and immorality...."

1. R. Wood to Keen, July 2, 1927, C.U.C., vol. 146, 1927 AK: file "Armstrong".

2. Ibid.

The society also opposed Keen's criticism of the British government's decision to disallow the 1926 general strike. Keen saw the issue from the labour viewpoint and believed that it was one of the few ways to protest the large capitalist amalgamations then beginning to dominate the economy. In contrast, the Armstrong co-operators saw the general strike as being wrong in principle because in the past it had been associated in the popular mind with communists. So strongly did the Armstrong society feel about the two issues raised in the May edition of The Co-operator that the executive decided not to circulate it. They believed that the animosity raised by such a viewpoint would set back and perhaps destroy the positive work accomplished by the Union in the Okanagan.

But, in the long run, the political disputes of the 1920's were not of great practical significance. Because of distance between societies no real effort at cohesion was possible, and, therefore, political differences were of little consequence. As for relations between Keen and the Armstrong societies, they remained generally good; Wood, in particular, whose conservatism was only partial,<sup>1</sup> remained on very friendly terms, and he made certain that the society kept in good standing. The real problem, continual and insoluble, was that the Union was really of little aid to the struggling

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1. See pp. 611-612.

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1. See pp. 611-612.

societies on the western coast. Although the C.U.C. grew rapidly between 1926 and 1928, it was too remote, weak, and uninformed to provide much direction for B.C. co-operators. The most important attitude emanating from the co-operatives of the far west, therefore, was one of isolation--from each other and from the rest of the Canadian movement.

In July, 1927, the Armstrong society, the most practical of the British Columbia affiliates, sought to resolve this problem through the complete reorganization of the C.U.C.<sup>1</sup> The society was opposed to the centralist basis which had dominated the Union from the beginning. Centralism had meant that the executive, isolated in Ontario from the strongest elements of the Canadian movement, was incapable of providing the leadership required on a regional basis. And, by the late 1920's, Canadian co-operation was reflecting the regional interests basic to the Canadian federation. Fishing co-operatives on the coasts, grain co-operatives on the Prairies, a hodge-podge in Ontario, and Caisses Populaires in Quebec, formed too heterogeneous a mixture to be unified easily. The best plan would be to recognize these regional disparities, and to concentrate on the development of strong regional executives capable of overseeing the type of co-operation peculiar to each district.

Good and Keen were sympathetic to this proposal, as both

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1. See several letters R. Wood to Keen, C.U.C., vol. 146, 1927 AK: file "Armstrong".

men were aware of how difficult it was for them to understand fully the problems of each Canadian region. They argued, however, that the Union, through its policy of having provincial sections, could serve the needs of all Canadians. The problem was to secure sufficient member societies to organize these provincial sections, and so the two men reiterated the importance of affiliating independent societies already in existence. If this could be done, then the Union would have a more balanced membership, each region could develop its leadership, and the C.U.C. Congresses would become representative of the Canadian movement as a whole.

In theory, the development envisioned by Good and Keen could resolve the major problems of the Canadian movement, but it was far too optimistic. The complaint registered by the Armstrong societies indicated a basic problem of the C.U.C., a problem never seriously considered by Good and Keen. During the years of their directorship, the Union was continuously in danger of being dominated by whatever segment of Canadian co-operation was capable of prevailing at any given Congress. In particular, the western producer movement of the 1920's, by the often unconscious use of its comparatively extensive power, threatened to make the C.U.C. a marginal spokesman for its viewpoints. Certainly, its rise, and the executive's attraction to it, contributed to the de-emphasis of other parts of co-operation, notably in

urban Canada. It was this drift in C.U.C. policy which led to the Armstrong protest--a protest discussed and dismissed<sup>1</sup> at the Lloydminster Congress of 1928.

The treatment meted out to the Armstrong suggestion--cursory<sup>2</sup> discussion at a Congress devoted essentially to other topics--reflected the roles played within the Union by Northern Ontario, the Maritimes, and British Columbia during the twenties. They were parts of the hinterland incoherently ranged against the economic and social power of Central Canada, but they were unable to develop much strength. Divided by their very poverty, split into various economic groupings, led by a national Union incapable of providing unity, they could serve as soldiers but never as generals in the Canadian movement. The generals were to be found on the Prairies, the only region in the hinterland during the twenties capable of producing the power with which to wage the war.

## viii

There was a major problem in trying to enlist the support of the western "generals": there were too many "generals" contesting for the leadership of too many armies with too few soldiers. Saskatchewan, where co-operation was developing most rapidly was a case in point. In 1927, the

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1. C.C., August, 1928, p. 14.

2. See pp. 466-469.

Farmers Union and the Saskatchewan Grain Growers, long-time, bitter competitors, amalgamated to form the United Farmers of Canada (Saskatchewan Section).<sup>1</sup> The change, for a while, simply meant that they fought in a single house rather than from two. One of the subjects of the debate was the old S.G.G.A. Trading Department, long disliked by the members of the old Farmers Union.

The Trading Department, now under the U.F.C., continued to function having been given a respite because it had made an unexpected improvement in 1926.<sup>2</sup> Nevertheless, the old leadership of the Farmers Union continued to oppose the Trading Department, and they were soon joined by leaders of C.U.C. affiliates wanting to control their own wholesale.

The latter group became critical of the Trading Department because they found it to be a rather serious competitor, especially after 1926 when it embarked upon an extensive sales campaign. It sent salesmen throughout the countryside frequently competing with existing societies in the sale of the profitable bulk items required by western farmers,<sup>3</sup> and it copied eastern merchandizers by producing glossy catalogues that attracted still more trade away from the local co-operatives. Protesting against these practices was most difficult for the small distributive societies

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1. Henceforth, when appropriate, this organization will be abbreviated to U.F.C.

2. H.W. Ketcheson to Keen, February 1, 1926, ibid.

3. Keen to H.J. May, January 7, 1927, C.U.C., vol. 41, 1927 EK: file "I".

because they often relied upon U.F.C. members and because they frequently used the Trading Department as a wholesaler.<sup>1</sup> It was an unhealthy situation that could not last for long.

The leaders within the U.F.C. who favoured expanding the Trading Department began to plan a new, enlarged institution during 1927 and 1928. Their plans reportedly called for the Department, in the tradition of the United Farmers Co-operative in Ontario, to expand their local facilities to make them order-stores for farming supplies and some consumer goods.<sup>2</sup> When these plans became known, H.W. Ketcheson, using advice from George Keen, led the fight against them for the consumer societies. At a farmers' convention in Moose Jaw during March, 1927,<sup>3</sup> Ketcheson savagely attacked the Department for its new plans, its intensifying competition with consumer societies, and its allegedly inadequate wholesaling services.<sup>4</sup> Despite a vigorous defence by members of the Department, Ketcheson's points won the day, and a resolution was passed demanding

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1. Keen to H.J. May, March 16, 1927, C.U.C., vol. 41, 1927 EK: file "I". The wholesaling situation in Saskatchewan was very difficult for the co-operatives: many of the traditional wholesaling firms refused to do business with them. See J.G. Mohl to Keen, September 7, 1929, C.U.C., vol. 150, 1929 AL: file "Edenwold".

2. Keen to H.W. Ketcheson, October 20, 1927, C.U.C., vol. 146, 1927 AK: file "Davidson".

3. H.W. Ketcheson to Keen, March 26, 1927, ibid. The convention was the annual meeting of the Amalgamated Farmers Educational Association.

4. Press clipping, source not given, und., ibid.



that the Department be separated from the U.F.C. and re-organized.

The implementation of the resolution proved to be very difficult. The Trading Department continued to represent a considerable investment, and even its most critical opponents within the United Farmers saw the need to protect the Association's interests. Moreover, the U.F.C. recognized that there were economies to be gained in bulk buying--economies that would greatly help their organization attract the support of unaffiliated farmers.<sup>1</sup> Even the pools were starting to see possibilities in this area, and the question of furnishing supplies was becoming an increasingly more important part of the competition between the farmers' organizations. Thus, though the U.F.C. was interested in creating a separate wholesale organization in the late twenties, it was anxious to maintain considerable influence in it.

In the lengthy deliberations which led to the formation of the Saskatchewan Co-operative Wholesale Society in 1928, the C.U.C.'s role was as an adviser for the province's consumer societies. Briefly, the Union advised--and most societies wanted--the formation of a wholesale controlled by the societies in direct proportion to their patronage. Above all, Keen and the societies wanted a wholesale which

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1. Keen to H.W. Ketcheson, March 2, 1927, C.U.C., vol. 146, 1927 AK: file "Davidson".

would not attempt to force-feed the consumer movement, but would react to the needs articulated by the societies. At the same time, they wanted a wholesale that would provide some direction, notably in questions of management, yet one that would not dominate the business policies of the local co-operative.

But the real questions were being resolved within the U.F.C., and, in that organization, the Union had no power while the Saskatchewan societies had little more. For a while the United Farmers apparently thought of reversing the declaration of the Moose Jaw farmers' conference by embarking on yet another scheme for the rapid development of retail agencies. At a meeting of independent societies in late January, 1928, the U.F.C. tried to muster the support of co-operatives that had not been active in previous protests against the Trading Department.<sup>1</sup> In preparing for this meeting, the U.F.C. ignored the C.U.C. and invited H. Fletcher, manager of the Corner Brook Co-operative, Newfoundland, to address the conference on the principles of consumer co-operation.<sup>2</sup>

The conference even ignored the Co-operative and Markets Branch of the Department of Agriculture. Its commissioner, W. Waldron, was most perturbed about this snub and wrote:

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1. W. Waldron to Keen, January 24, 1928, C.U.C., vol. 44, 1928 CE: file "Coops and Markets Bch., Sask Dept of Agric."

2. Keen to Ketcheson, February 21, 1927, C.U.C., vol. 146, 1927 AK: file "Davidson".

At such conferences...we are overlooked and I am only able to keep in touch with what is being done through the Press. It is a most remarkable situation and the pitiable part of it is that the movement is now dominated by men who, only a very short time ago, knew nothing about it and now assume that they can learn nothing from those who at least should know something after years of experience. However, I am not worrying, there are still guns to stand by and tenets of faith that cannot be destroyed.<sup>1</sup>

Waldron's piqued optimism proved to be warranted much more rapidly than he would have believed possible. The meeting of January did not demonstrate that a wholesale could be organized without the support of both the protesting societies and the Co-operation and Markets Branch. Rather, that meeting stimulated the dissatisfied co-operatives to even more thought about their own wholesale; it also reopened the old divisions within the U.F.C. between those who supported, and those who deplored, the Trading Department.<sup>2</sup> The result was a rather hastily drawn-up offer by the U.F.C. to transfer the Department to a new organization controlled by nine directors, three to be elected by the debenture holders of the existing Department, three to be appointed by the U.F.C., and three to be selected by the independent distributive societies.<sup>3</sup>

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1. W. Waldron to Ketcheson, February 21, 1927, C.U.C., vol. 146, 1927 AK: file "Davidson".

2. W. Waldron to Keen, January 24, 1928, C.U.C., vol. 44, 1928 CE: file "Coop & Markets Bch., Sask. Dept. of Agric."

3. Keen to T. Swindlehurst, March 19, 1928, C.U.C., vol. 43, 1928 AC: file "Alberta Coop. League and Alberta Coop. Wholesale Assn. Ltd."

Neither the societies in Saskatchewan nor the Union in Brantford was completely satisfied with the basic plan of the new wholesale. The former group entered into the agreement because they could not afford to miss the potential markets afforded by U.F.C.S.S. and because they respected the men the latter organization wanted to appoint to the new organization.<sup>1</sup> As for the Union, Keen was suspicious about the U.F.C. tendency to favour developing numerous agencies throughout the countryside and about the continuing power of the U.F.C. in the new organization.<sup>2</sup> These factors, along with some resentment for not having been closely consulted, meant that Keen could not recommend that Saskatchewan societies join the new organization: in his view, he had always given Saskatchewan societies good advice in the past,<sup>3</sup> and he wanted very much to keep this record intact.

While the Saskatchewan Wholesale was struggling through its organizational period in 1928, similar ventures were appearing in Manitoba and Alberta. The Union played a less important role in these ventures than it did in the development of the Saskatchewan organization. The Manitoba wholesale, formed in 1928, was the conclusion of the unifying

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1. Keen to T. Swindlehurst, March 19, 1928, C.U.C., vol. 43, 1928 AC: file "Alberta Coop. League and Alberta Coop. Wholesale Assn. Ltd."

2. Keen to W. Waldron, December 27, 1928, C.U.C., vol. 44, 1928 CE: file "Coop & Markets Bch., Sask. Dept of Agric."

3. Keen to H.W. Ketcheson, November 5, 1928, C.U.C., vol. 148, 1928 AL: file "Davidson".

process that had started in 1925. Supported by the major marketing organizations, it was primarily concerned with car loads of such bulk products as binder twine and petroleum.<sup>1</sup> This modest beginning was partly the result of the Union's advice which had at first been negative to the wholesale,<sup>2</sup> and then hesitantly in favour of restricted operations.<sup>3</sup>

In Alberta, earlier developments also came to a head in 1928. One reason for the development of that year was a sudden strong interest in consumer co-operation by the government. During the summer the Brownlee administration appointed a supervisor of co-operative activities, and, in October,<sup>4</sup> the Premier pledged government aid to a wholesale. Despite numerous letters from Keen, the appointed commissioner, W.M. Malin, did not look upon the Union highly, and, unlike Waldron in Saskatchewan, did not emphasize the C.U.C.'s value to co-operatives under his supervision.<sup>5</sup> Malin, moreover, tended to be too aggressive, from the Union's viewpoint, in

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1. Keen to R.F. Lancaster, March 6, 1928, C.U.C., vol. 43, 1928 AC: file "Coop".

2. C.C., January, 1928, pp. 4-5.

3. Keen to R.F. Lancaster, March 6, 1928, C.U.C., vol. 43, 1928 AC: file "Coop".

4. W. Halsall to Keen, October 12, 1928, C.U.C., vol. 148, 1928 AL: file "Killam".

5. Keen to Halsall, December 12, 1928, ibid.

his dealings with local societies. On occasion he selected managers for some of the co-operatives and set policies for them in such areas as credit, thought by the Union to be the business of a society's directors.<sup>1</sup> Such differences of approach and opinion meant that the C.U.C. was even less informed about the Alberta wholesale than it was about those in Saskatchewan and Manitoba.

Nevertheless, a blending of the interests of the government, the U.F.A., and the leading distributive societies did produce an Alberta wholesale by late 1928. According to the by-laws of the new society, each member organization-- and many in the beginning were U.F.A. clubs not co-operative stores--would receive six percent on their investment and whatever was left after half of the profits were put into reserve and ten percent into an educational fund.<sup>2</sup> Voting rights were to be allotted according to shares purchased and not according to patronage, a feature which Keen unsuccessfully, but sharply, criticized.

Although the C.U.C. played only a marginal role in the creation of the wholesales, their development was eventually of considerable value to the national Union. The differences of opinion between them and the C.U.C. executives actually were minor, and they all joined the Union shortly after their

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1. Keen to Halsall, October 27, 1928 and December 20, 1928, C.U.C., vol. 148, 1928 AL: file "Killam".

2. By-laws, Alberta Co-operative Wholesale Society, C.U.C., vol. 43, 1928 AC: file "A".

formation. But the history of their emergence indicated the Union's weakness on the Prairies. In each case, the C.U.C. had had to fight for its right to be heard, and the cause of national unity had not been readily accepted by all the people involved in the new organizations. Slowly, though, the value of increasing co-ordination would be recognized within the wholesales, and they would become centres of provincial strength eventually associated with provincial sections within the C.U.C.

## ix

The growth of the wholesales also reflected the increasing power of consumer co-operation in the late 1920's. From the nadir of 1925 and 1926 when the Ontario collapse had nearly destroyed the Union, the C.U.C., on the back of the western movement, had struggled back to respectable prosperity. In July, 1928, the Union published the annual statistics for 1927 in The Canadian Co-operator<sup>1</sup>. They revealed that the consumer societies affiliated and reporting to the Union had sold nearly four and one-half million dollars worth of merchandise, while the total sales of affiliates, including the U.G.G., were over six and three-quarter millions. The sales of the Prairie affiliates were particularly impressive: the thirteen societies in that region--half of the

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1. C.C., July, 1928, pp. 8-9.

Union's membership--retailed over two million dollars in 1927. In 1928 their ranks were further increased by the affiliation of stable co-operatives in Crossfield, Alberta; in Tribune and Eastend, Saskatchewan; and in Moline, Manitoba. Thus, though there were some disturbing aspects concerning the wholesales, these were easily offset by the burst of enthusiasm reflected in the Prairie growth.

Amid the optimism and because of the increasing influence of the western societies, the Union decided to hold both its 1927 and 1928 Congresses in the West. The 1927 edition was held at Saskatoon.<sup>1</sup> The participants were all representatives of Prairie co-operatives except for H.I. Nordby, vice-president of the Co-operative League of the United States, and W.C. Stewart of the British Canadian Society of Cape Breton. It was a routine conference devoted to discussions on problems of management, the desirability of trading with British co-operatives, the need for education, and the necessity of affiliating all genuine Canadian societies. The only unusual development was the addition of a rule--to be discussed below--outlawing divisive debates that were essentially political or religious.

The 1928 Congress, a somewhat more spectacular affair, was held at Lloydminster. The second largest Prairie affiliate behind Davidson, Lloydminster had sold nearly three hundred thousand dollars' worth of goods in 1927. The

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1. For a summary of the Congress, see C.C., September, 1927, pp. 7-15.



society had been built up among the Englishmen of the celebrated Barr colony, and it was managed by an English co-operator, C.G. Davidson. It was only fitting, therefore, that the Congress was featured by visits from several leaders of the British movement including H.J. May, then general secretary of the International Co-operative Alliance, but for many years a prominent British co-operative leader. Two directors and the chief wheat buyer for the English Co-operative Wholesale also attended, as did two directors of the Scottish Co-operative Wholesale Society. Such recognition by the British and international leaders was regarded as a great accomplishment by Keen who had for so long tried to follow in their footsteps.

The reason for the presence of these international co-operators was their desire to examine the Canadian movement. While all were interested in the Canadian consumer movement, they were primarily interested in the development of the wheat pools. Ever since the emergence of the pools during the mid-twenties, the British movement had viewed them as food trusts and had refused to accept them as co-operatives.<sup>1</sup> This negative attitude, based upon the British concern for the consumer, had had a serious effect on the pools because the British wholesalers were major buyers of Canadian wheat. As long as the British movement reacted negatively to the

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1. See Keen to J.W. August, September 25, 1925, C.U.C., vol. 36, 1926 AC: file "Ca Tobacco Growers Coop".

pools, they would be denied one major avenue for expanding sales. Similarly, as long as the British co-operators maintained their attitude, they would deny themselves an increasingly important supplier of wheat: undoubtedly it was the latter consideration that drew the British leaders to an earlier wheat pool conference in Regina and to the C.U.C. Congress in Lloyminster.

Since the beginning of the controversy between the pools and the British co-operators, Keen had always supported the cause of the former. From 1925 onward, he had written numerous articles on behalf of the pools for the leading British co-operative journals.<sup>1</sup> He had admitted that some of the features of the pools did not meet all the demands of the Rochdale principles, but he believed that the pools, like the earlier grain companies, were well-meaning attempts to apply the most important of those principles to a very difficult situation.<sup>2</sup> He pleaded against the tendency of British co-operators to see the pools as adaptations of the trusts then prominent in other parts of the North American economy. He argued for the granting of a period of grace to see if the pools' leadership could overcome its unco-operative tendency to dominate local organizations. In his

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1. C.C., August, 1928, p. 4.

2. For an example of these arguments see Keen "Are the Canadian Wheat Pools Co-operative?" und., article submitted to T.W. Mercer, C.U.C., vol. 37, 1926 CD: file "Cooperative Union-England".

view, the problems resulting from such centralization might be bypassed if the leaders made a conscious effort to stimulate local initiative. Above all, he stressed the use made by the pools of postcard ballots, low interest rates, patronage dividends, and service at cost. They might lack some of the social impact of true co-operatives, but the pools at least deserved a chance.

The British representatives came to see if Keen's evaluation was correct, and, following the two meetings they attended, they generally agreed with his assessment. Noting Keen's part in this change of attitude,<sup>1</sup> the leaders of the pools began to take an interest in the national Union. Whereas they had tended to ignore earlier C.U.C. Congresses, the pools took a major interest in the 1928 affair. All the wheat pools sent delegates, and so too did some of the other produce pools in Saskatchewan. All pledged their interest and spoke of their belief in national co-operative unity. This sudden harmony reflected the universal delight Prairie farmers have always had whenever a prosperous wheat buyer appears.

The representatives of the British wholesales were quite impressed with the Congress and particularly with the work of George Keen.<sup>2</sup> So too was Henry J. May, the I.C.A.

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1. T.W. Mercer to Keen, September 26, 1928, C.U.C., vol. 43, 1928 AC: file "Co-op". Mercer believed that the work of Keen and also of Waldron had been largely responsible for the change in attitude.

2. Ibid.

secretary. May and Keen had corresponded for many years prior to 1928, and they had developed a deep respect for each other because they shared the ideals of mystic co-operation. May's respect deepened at the Congress where he saw the kind of organization Keen controlled and the conditions under which he worked.<sup>1</sup> After his return to London, May described what he saw to other members of the Alliance's executive, with the result that the I.C.A. sent the C.U.C. a donation of \$2,500 to be used as Good and Keen saw fit. This donation was given in special recognition of Keen's past efforts and in hopes that it would allow the Union to take full advantage of the growing Canadian interest in co-operation.<sup>2</sup>

This donation capped the successes that became apparent in 1928. The consumer movement had reached new heights in that year; the wholesales, even with their problems, gave promise of future strength; increased revenues had allowed the Union to pay its debts; the international movement had paid its respects at the Lloydminster Congress; the marketing co-operatives had started to show a genuine interest; and governments on the Prairies had departments involved with the movement. Outside of the Prairies, pockets of strength had developed in Northern Ontario, British Columbia, and the Maritimes. After nearly twenty years of labour and

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1. C.C., August, 1928, p. 11.

2. H.J. May to Keen, November 19, 1928, C.U.C., vol. 45, 1928 FL: file "International Co-operative Alliance".

sacrifice, the Union appeared to be on its way to the  
Co-operative Commonwealth.

## CHAPTER NINE

### THE UNION AND POLITICS: 1924-1932

Philosophically I am a Communist. It was upon that basis the Christian Church was originally established, and several of the ancient churches, along narrow and very limited lines, have carried out that idea from the commencement. If it had been developed as it was intended, we would have been living in quite a different world today. Nevertheless, I do not feel the objective can be reached merely by political organisation. It can only gradually materialize through the comprehensive practice of co-operative moral and social philosophy. However, the political communist is doing some good in that he is putting a scare into the Capitalist world, and will compel it to sit up and take notice, and do something toward rational social and economic organisation and give some assistance in assuring social justice.

George Keen to W.C. Stewart,

July 21, 1923,

C.U.C., vol. 140, 1923 AK:

file "British Canadian Coop".

## CHAPTER NINE

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Between 1924 and 1932, the Union was confronted by a series of difficulties resulting from too enthusiastic an interest by political groups. The problems that developed did not seriously affect the C.U.C.'s work--with the exception of its efforts in Northern Ontario--but they did impose more burdens upon an already beleaguered executive. In the years before 1924, the political activities of Keen, Carter, and Good had not created problems because the political organizations with which they were associated were only mildly interested in co-operation. The reform movements of the twenties and thirties, however--notably the communists, the C.C.F., and Social Credit--were very interested in co-operation and sought to use the movement and the Union as a means of gaining influence. The C.U.C., in turn, found it very difficult to resist these efforts when they appeared during the late twenties and thirties; indeed, they were doubly difficult because the Union itself could not resist trying to take advantage of the co-operative enthusiasms engendered by the new political movements.

The Union, too, was becoming a more politically aware organization. Ever since 1911--with the exception of the



reform movements between 1917 and 1923--the Union had cast a jaundiced eye upon Canadian politics. The Liberals and Conservatives received scant attention on the pages of The Co-operator, Keen and Good believing that both parties were the defenders of the excesses of capitalism. Strongly opposed to the Conservative leaders, despising the indecisive Mackenzie King, scorning the facade of Parliamentary government, the two men saw little virtue in the existing political system. Yet, toward the end of the twenties, the Union began to stir itself and to take positions on a number of public issues.

The first issue upon which the Union expressed a strong position was the one which caused the debate with Robert Wood of British Columbia: the U.S.S.R. Keen and Good both viewed the Russian Revolution sympathetically, in that they saw in it some manifestations of a working class reform movement. They also sympathized with the leaders of the Revolution, believing that a more tolerant attitude by the leaders of other nations would have made necessary changes in the U.S.S.R. easier and more gradual. Above all, they detected considerable hope in Russian developments because Lenin became a staunch supporter of co-operatives after an initial attempt to nationalize them had failed. Indeed, Russian co-operatives prospered in the mid-twenties, and Keen had strong hopes that co-operation would moderate the approach

of the bolsheviks.<sup>1</sup>

The Union believed, therefore, that it was essential to develop good relations with the U.S.S.R. and to encourage Russian co-operatives by doing business with them. As a result, The Canadian Co-operator took a strong position on the U.S.S.R. during the twenties, calling for tolerance, recommending close connections with Russian co-operators, and encouraging the normalization of relations between Russia and the rest of the world community. By advocating such policies, the Union was taking a bolder position than it had in the past, and it was running the risk of alienating potential supporters.

The development which was the most responsible for an increasing C.U.C. concern for contemporary politics, however, was the rise of Mussolini. Among Mussolini's first acts upon assuming power were the persecution of a number of co-operative officials and the closing of a number of co-operative societies. Keen always regarded the movement as the "bell-wether" of democracy, and, in his view, any political leader who sought to destroy co-operation was dictatorial and anti-democratic. Thus, as early as 1925, Keen was protesting vigorously against Mussolini, printing strong indictments against him in The Co-operator, and arguing against him to an initially sympathetic Father Tompkins.<sup>2</sup> He also

1. Keen to H.S. Ross, January 24, 1929, C.U.C., vol. 50, 1929 PZ: file "R".

2. See exchange May, 1926, C.U.C., vol. 39, 1926 NW: file "T".

sent, in the Union's name, a series of letters to the Prime Minister of Italy protesting Mussolini's anti-co-operative actions.<sup>1</sup>

The slowly mounting pressures in the external world meant that the Union became more active in promoting change at home. In The Co-operator, active promotion of the League of Nations became more noticeable, attacks on creeping militarism appeared, calls for freer trade were written, and appeals for support of the international co-operative movement were penned. The Union was beginning to take a public stand on important issues, a development that would speed up as the crises developed and Canada became more isolationist in the thirties.

In assuming more blatant public positions, the Union sought to be issue-oriented but non-partisan. Good's opposition to party politics had reinforced Keen's long held views as a co-operator, and the Union always sought to be a statesman rather than a politician. Their views on non-partisanship were further reinforced by developments in Northern Ontario and the United States between 1924 and 1932.

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As prosperity returned to Canada after the economic set-backs of the early twenties, the mining and transportation

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1. Keen to the Prime Minister, December 15, 1925, C.U.C., vol. 39, 1926 NW: file "P".

industries in the Ontario part of the Canadian Shield went through a boom period. Connected with this rapid development was a wide-spread interest in co-operation, especially among the immigrant groups so prominent in the northern industries. At first, it appeared as if the Union would prosper from this interest, but, because of the issue of political involvement, the appearance was only partly justified.

The strongest of the Northern Ontario societies which appeared during the late 1920's was the Workers' Co-operative of New Ontario established in Timmins during November, 1926. It was launched by members of the Communist party, most of them Finnish and Ukrainian miners. It joined the C.U.C. during the autumn of 1927, the society's leaders insisting that they had no political aims in connection with their co-operative. Keen, convinced of their sincerity, had no real reason for denying them admittance. He was pleased, moreover, to have such a growing organization within the Union. In its first six months, the Workers' Co-operative began to deliver to consumers in nearby towns, opened a branch in South Porcupine,<sup>1</sup> and sold over \$200,000 worth of goods.<sup>2</sup>

Timmins was only one of several northern societies to present a strong appearance during the late 1920's. Among

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1. C.U.C., vol. 147, 1927 LY: file "Workers Co-op of New Ontario".

2. C.C., October, 1928, p. 12.

the older C.U.C. affiliates, the Waldhof, Englehart, and Charlton societies had the most prosperous years in their histories. More importantly, new societies started to appear among immigrant groups in Port Arthur, Sudbury, Nipigon, and Fort Francis. Partly because of the language barrier which inevitably developed, the C.U.C. was not intimately involved with the new societies, although Keen's advice was sought by the organizers of some of them. In particular, his services were used by the new Sudbury society which joined the Union in 1928,<sup>1</sup> and by the Fort Francis Union Co-op, which joined in the same year.

But the additions were mixed blessings because with the societies and with their growth came many communist co-operators who posed a real dilemma for the C.U.C.: on the one hand, they were ideal co-operators, loyal, enthusiastic, committed, and aggressive; on the other, they were inclined to make their societies agents for their political beliefs. Thus, the Union was both attracted and repelled by their new northern allies, who became a particularly difficult group of societies to assimilate within the Union's family.

Keen and Good had first come into conflict with Canadian communists in connection with their earlier political activities. The Independent Labour party, established in 1917, had disintegrated during the mid-twenties, partly

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1. C.U.C., vol. 148, 1928 AL: file "Co-op Trading Assn. of Sudbury".

because of the rise of communist activity.<sup>1</sup> Keen, who continued to be active in party affairs after the 1919 election, was at first convinced that the weakening I.L.P. had no choice but to admit communists to its ranks. But as he saw I.L.P. representation in the provincial legislature dwindle from twelve to one, and as he saw party group after party group disintegrate because of ideological debates, he was less certain of the value of communist support.<sup>2</sup> But at first, as in his co-operative activities, Keen could never go so far as to spurn outright communist support. In fact, in 1927, when the moderate remnant in the I.L.P. broke with their communist former associates and formed a new party, Keen was certain that a mistake had been made. He strongly criticized James Simpson, his old friend and mayor of Toronto, for having led the break and for having oriented the new party toward international rather than national unionism.<sup>3</sup>

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The first confrontation between communism and orthodox co-operation witnessed by Keen was at the 1924 meeting of the Co-operative League of the United States of America.<sup>4</sup>

1. G.F. Caplan, "The C.C.F. in Ontario", pp. 34-35.

2. Keen to J.P. Warbasse, December 23, 1926, C.U.C., vol. 36, 1926 AC: file "Co-op League of U.S.A.".

3. Keen to J.H. Walker, January 23, 1928, *ibid.*, vol. 45, 1928 FL: file "I".

4. Hereafter abbreviated, when desirable, to C.L.U.S.A.

The biennial conference of that year was held in New York, and one feature of its agenda was a banquet at the Labour Lyceum in Brooklyn. The proceedings were "distinctly communistic in tone."<sup>1</sup> Keen described his own reaction in the following words:

during the proceedings we were asked by the Chairman to rise to sing a revolutionary song. I may say I stood up and walked out. I have no objection, as a co-operator, to any man, on account of his religion or politics no matter how peculiar or extreme he may be. I do feel, however, that to introduce politics into a co-operative gathering is an abuse of the privilege of membership.<sup>2</sup>

Later, at the Congress meetings, the communists attempted to introduce a series of resolutions suggesting that co-operation should be seen as a moderate method of reform, of use primarily as an organizer of mass action. Keen, believing that co-operation was sufficient for the total reformation of society, naturally resented this attempt to belittle the movement to which he was so committed.

What Keen observed in 1924 was the beginning of an organized attempt by American communists--many of them Finnish--to take over the American movement. At the 1926 C.L.U.S.A. conference, held in Minneapolis, near the stronghold of the Finnish societies, the communists were well organized and had a strong voting block capable of decidedly

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1. Keen to J.H. Walker, May 31, 1926, C.U.C., vol. 38, 1926 EM: file "I".

2. Ibid.

influencing the League's policy decisions. The result was that the 1926 Congress, instead of resolving practical problems was preoccupied with a debate on a communist resolution that the co-operative movement was essentially just "a part of the Working-Class Movement." This resolution elicited considerable dispute as many at the Congress violently disagreed with the suggestion that co-operation was no more than a preliminary for revolutionary activity.<sup>1</sup>

Keen, an observer at the 1926 Congress, was horrified by the time wasted in irrelevant, divisive, and acrimonious discussion. He was not unsympathetic to Marxism, although he was never in any sense a marxist, and he was very sympathetic to the Finnish Americans. As mentioned, he was constantly defending the U.S.S.R. in The Canadian Co-operator, and he was an advocate of recognition of that country by Canada. His strongest reservations about Marxism was that he opposed its emphasis on class conflict, its preoccupation with economics, and its emphasis on leadership rather than on the "true" education of the masses. But most importantly, as a co-operator, he strongly opposed any attempts to make the co-operative movement a vehicle for communist activity.

After Keen returned home from Minneapolis in 1926, he reported to a meeting of the United Board as quickly as possible. In his report he suggested an amendment to the

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1. For a complete description of the 1926 Congress by Keen, see C.C., December, 1926.



Union's rules so that future meetings could not be disrupted by small groups of political or religious activists.

According to his proposal, which was subsequently adopted at the 1927 Saskatoon Congress, the chairman of any Congress could veto any resolution which, in his opinion, "advances or could reasonably be construed as intended to advance, the claims or interests of any political party or religious denomination...."<sup>1</sup> Any harsh judgment by a chairman could be overruled through a referendum of all member societies conducted by the United Board. It is a measure of the comparative weakness of communist societies that the amendment<sup>2</sup> passed the 1927 Congress without a dissenting vote.

The amendment helps to explain why the Union's leadership was relatively unperturbed when some of the communist-oriented societies of Northern Ontario joined the Union during the late twenties. These societies, moreover, appeared to be less militant than their American counterparts when they<sup>3</sup> first negotiated with the Union over membership.

The appearance was somewhat misleading. Canadian communist co-operators were associated, spiritually and materially, with the activities of their American counterparts. In the United States the most important organization through

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1. Keen to N.R. Clifton, October 30, 1937, C.U.C., vol. 173, 1937 CG: file "Consumers Co-operative Society Ltd. Timmins".

2. Ibid.

3. Keen to C. Long, December 10, 1926, C.U.C., vol. 36, 1926 AC: file "Co-op League of U.S.A.".

which communist co-operators worked was the Central Co-operative Exchange of Superior, Wisconsin. This exchange, which served as a wholesale and central organization for co-operatives in Northern Michigan, Wisconsin, and Minnesota, moved steadily to the left throughout the 1920's. The dynamic figure behind the move was Eskel Ronn, a dedicated sincere young man in his early thirties. A Finn by birth, Ronn had worked in lumber and mining camps, had gone overseas toward the end of the war, and had returned to begin a meteoric rise within the Co-operative Exchange. His political sympathies were demonstrated by his insistence that the "hammer and sickle" emblem be included on co-operative labels.

Ronn was the most powerful voice in communist circles in the co-operative movement of the American Mid-West, and his influence spread into Canada. He wanted close union between the two national movements and especially among the Finnish and Ukrainian branches of them. He did not want the co-operatives to become mere cells of converted party members; rather, he wanted them to become prosletyzing agencies open to all, but aware of their responsibility in other than mere economic matters.

Ronn's point of view, to be discussed in greater detail below, had its greatest impact in Port Arthur and Timmins, but it was not the only attitude put forward in Canada by communist spokesmen. The Canadian Communist party, organized in 1922, had been active in the northern Ontario co-operatives

from the beginning. The party leadership saw these societies as ideal avenues through which to involve workers in practical activities as preliminaries in the struggle against capitalism.<sup>1</sup> It was also believed that,

Sooner or later experience will teach members that pricesm sic, quality, etc., are questions which can be solved to the benefit of the workers only when the workers can control the means of production through the abolition of capitalism and the establishment of the dictatorship of the proletariat.<sup>2</sup>

Unlike Eskel Ronn, the Toronto communists saw co-operatives as direct servants of the party. Believing a war between Leninism and capitalism to be imminent, they advocated that the party regulate the activities of each co-operative. They wanted established societies to contribute a high percentage of their earnings to the party officers and to proclaim continuously and proudly their party affiliation. They demanded that the party have complete control over business policies so that no branching out or enlarging would be undertaken without party approval, and they insisted upon the party's right to appoint directors for each society. Their policy, in brief, was summarized in the following words:

In building co-operative organizations, it is necessary to always keep in mind that these organizations are organized as a means to win the large masses to the class

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1. Author unknown, "Thesis on the Co-operatives", undated (probably 1928), Communist Party of Canada Papers, Ontario Public Archives, vol. IX, envelope 9, p. 4.

2. Ibid.

struggle and to get their assistance for all working class struggles and campaigns of the Party.<sup>1</sup>

As a natural corollary to the above aims, which were eventually adopted as policy by the party,<sup>2</sup> the party planned to integrate in an institutional structure all the co-operatives in which they had influence:

The policy of the Party with regard to the Co-operatives in Canada, is not to affiliate [sic] them to the Canadian Co-operative Union, which is under the control of the bourgeoisie [sic] reformists and class collaborationists [sic], but to organize them into a center under the leadership and control of the Party. Through this center and in the local co-operative organizations the Party factions must carry on revolutionary co-operative propaganda.<sup>3</sup>

The Canadian communists and the C.U.C. jostled verbally throughout most of the 1920's. As mentioned, Keen, while in no sense a marxist, was sympathetic to many marxist attitudes, and he very much respected the zeal, ability, and dedication of many communist co-operators. In return, the communist theoreticians saw Keen and the institution he represented as being shallow and bourgeois. They thought that co-operation was the result of certain economic conditions resulting from the Industrial Revolution. Co-operative philosophy, so-called, was the glorification of the rather simple rules required to make a success of some kinds of

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1. Author unknown, "Thesis on the Co-operatives", undated (probably 1928), Communist Party of Canada Papers, Ontario Public Archives, vol. IX, envelope 9, p. 6.

2. Author unknown, "Resolution of Work in the Co-operatives", undated (probably 1928).

3. Ibid.

co-operative enterprises. That philosophy was basically false because it tended to separate the co-operative movement from the rest of society. In doing so, reformist co-operation, as the communists called it, ignored, except for the consumer-producer conflict, the class struggles of modern life and the important socio-economic changes of the times.<sup>1</sup>

Communists opposed total preoccupation with the consumer-producer dichotomy, arguing that society was really divided between the owners of the means of production and those who sold their labour. In changing society, therefore, all agents of change, such as co-operatives, must be used to aid labourers in their fight against the capitalists. Yet, reformist co-operators, secure within their outmoded philosophy, avoided real involvement in the struggle, hiding behind the delusion of political neutrality. As a result, their co-operatives were puny things, failing in their task of enlisting those--such as housewives--who could not be included in trades unions or other agencies of change.<sup>2</sup>

The C.U.C. and The Canadian Co-operator were seen by Canadian communists as perfect examples of reformist co-operation. The apparent justification of their viewpoint

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1. Tom Hill, "Co-operative Movement in Canada", The Canadian Labour Monthly, und., The Communist Party of Canada Papers, O.P.A., vol. IX, envelope 8, p. 26.

2. Ibid., pp. 26-27.

was not difficult. Keen, for example, despite having been involved with labour circles for many years, was not a strong supporter of strikes as a weapon. Impressed with the ideal of labour co-partnerships, Keen looked forward to the day when labour-management disputes would be settled without the need of industrial warfare. Frequently, therefore, he pleaded for discussions, compromise, and consultation, rather than walk-outs.<sup>1</sup> Canadian communists unfairly seized upon such utterances as indicating a basic opposition to labourers by Keen and the Union. They also criticized the C.U.C. because of the decisions of the 1927 Saskatoon Congress to ban political and religious resolutions. For communists, this decision was proof of the domination of co-operation by capitalist sympathizers.

The issue of limited versus total political involvement was not merely a Canadian issue in the late twenties; at the 1927 Stockholm Congress of the International Co-operative Alliance the conflict assumed international proportions. The U.S.S.R., under Lenin's New Economic Policy, had given new emphasis to co-operation, seeing in it a useful stabilizing force for a chaotic economy. The Russian movement contained some fourteen million members in approximately twenty-nine thousand societies, many of them in the important industrial centres.<sup>2</sup> These societies, under the N.E.P.,

1. For example, see C.C., August, 1926. Referred to in Tom Hill, "Co-operative Movement in Canada", p. 27.

2. Ibid., pp. 30-31.

became powerful educational institutions for the party, and, at the 1927 Congress, the Russian co-operators sought to make co-operatives elsewhere serve similar purposes. Thus, the Russians put forward a resolution "which declared the co-operative movement to be a part of the general labour movement and thereby expected to work for the coordination of all forms of workers' movements for the benefit of the exploited toilers."<sup>1</sup> The resolution was defeated but not before the American representatives, Eskel Ronn and Matti Tenhunen of the Central Co-operative Exchange, had strongly endorsed it and had voted for it.

The actions of the two Americans created considerable controversy within both the American and Canadian movements. C.L.U.S.A. leaders were particularly irate because they had been caught off-guard at their 1926 Congress when communists had successfully, though legally, gained control by marshalling their strength effectively. They had used their power to pass a resolution similar to the one put forward in 1927 by the U.S.S.R. at the I.C.A. Congress and to have Ronn and Tenhunen elected as American representatives. In retaliation, Warbasse and Cedric Long, the most important men in the C.L.U.S.A. national executive, denied that the Congress, its resolution, and its appointment of the two men accurately reflected true co-operative sentiment in the United States.

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1. For example, see C.C., August, 1926. Referred to in Tom Hill, "Co-operative Movement in Canada", p. 31.

They also maintained that Ronn and Tenhunen, when in Stockholm, had made far more radical statements than the Congress had intended to imply in its resolution favouring co-operation between the labour and co-operative movements.<sup>1</sup>

Keen's reaction was somewhat different. He argued that the debate had no real place in the co-operative movement:

...there is no necessary relationship between co-operative philosophy and political principles or policies. The day will come some time, no doubt, when people who honestly and unselfishly differ as to the most appropriate form political, economic and other public action should take in the interests of mankind will approach their problems with the habits of mind, and fortified by the character, of a co-operator. In the meantime, we are compelled to recognize there are good co-operators in all political parties. We may not understand why they support any one of the various capitalist political parties, but in doing so they exercise the undoubted rights of a citizen. It is not, however, the practice of the members of any political party, other than the Communist Party, to seek to advance their political interests through the Co-operative Movement. If communists are genuine co-operators they will follow a similar policy.<sup>2</sup>

Keen tried to remain aloof from the American debate, refusing to publish at least one long essay by Ronn on the question of political involvement.<sup>3</sup> The essay,<sup>4</sup> repeating the traditional communist attacks on "reformist co-operation" and political neutrality, criticized the Union for its extreme

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1. C.C., November, 1927, p. 4 and January, 1928, pp. 13-14.

2. Ibid., p. 7.

3. Ibid., p. 6.

4. A copy, entitled "The Other Side", can be found in C.U.C., vol. 47, 1928 QZ: file "R".



caution and adherence to political neutrality. Although the Union never responded directly, as far as is known, to Ronn's attack, it is not too difficult to envision its response. In the first place, the constitutional amendment of 1927 did not forbid the discussion of politically sensitive issues, but merely the passing of resolutions by an unrepresentative gathering; resolutions that could be construed as being obvious reflections of the particular political or religious viewpoints of the co-operative segment over-represented. The basic idea behind the amendment was to make certain that the national movement was not divided by unessential arguments. Political resolutions were passed at every C.U.C. Congress on such apparently "non-co-operative" topics as cadet corps in high schools and the League of Nations, but they were passed because an overwhelming majority of Canadian co-operators accepted them. Other more contentious issues were also discussed, but because no majority concensus was reached, no resolutions were passed. In brief, the Union view was that survival and growth of the movement must be the first priority, and unnecessarily divisive debates must be avoided; ultimately, when strength had been achieved, the movement could begin to examine wider questions.

Ontario during 1927 and early 1928; but the seeds of discord were evident, and the societies on the Shield were on the verge of breaking up. In 1929 the battle over political activity began as communist co-operators from the United States sought support in Canada. In that year, two American leaders, Matti Tenhunen and George Halonen, made frequent visits to the Northern Ontario societies.<sup>1</sup> Eskel Ronn, the most important leader, sought admittance to Ontario to gain support for his views, but he was denied entry by the Canadian government.<sup>2</sup> The leaders who did come found it difficult to enlist significant support for their struggle against moderates in the Co-operative League of the United States. The problem was that when they arrived they found two other forces struggling to use the same co-operatives as bases for their own programs: on the political left, the Canadian Communist party which wanted to create new disciplined servants for its program; on the less activist right, the C.U.C., which wanted new cells of co-operative purity in the frigid North.

The issue that ultimately triggered the open conflict had its beginnings in early 1928 when George Keen innocently suggested a conference of Northern Ontario societies to

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1. C.U.C., vol. 149, 1928 MY: file "Workers Co-op of New Ontario".

2. Keen to E.D. Tierney, January 18, 1929, ibid., vol. 150, 1929 AL: file "Fort Francis".

consider the possibility of forming a wholesale.<sup>1</sup> Keen believed that the societies in Northern Ontario were sufficiently advanced to devote some thought to this aspect of their movement, just as co-operators on the Prairies were doing the same thing. Keen had in mind the development of joint purchases of bulk commodities, such as flour, believing that such purchases might allow the northern societies to compete more efficiently with the growing chain stores.

Keen's suggestion did not attract an immediate response, but when the communist George Halonen of the Co-operative Exchange visited the societies in Timmins and Port Arthur during November, 1929, the move toward creating a wholesale gained considerable impetus.<sup>2</sup> After Halonen's visit, Port Arthur called a conference of all northern co-operatives and received an enthusiastic response from most of the Finnish and Ukrainian societies. The agrarian co-operatives of the Clay Belt were far less enthusiastic because they disliked the tendency of the ethnic co-operators to send money to their native countries and because they opposed radicalism of any kind.<sup>3</sup>

The Union reacted quickly and negatively to the call for a meeting by the Port Arthur society. Keen and Good

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1. Circular letter, Keen to the secretaries of the Northern Ontario societies, May 7, 1928, C.U.C., vol. 49, 1929 IO: file "Northern Ont. Conference".

2. Keen to C.W. Wright, February 2, 1929, ibid.

3. C.W. Wright to Keen, January 31, 1929, ibid.

opposed the meeting primarily because it was not under Union auspices, and, therefore, not bound by C.U.C. rules about political neutrality.<sup>1</sup> The Union also opposed the call because it was associated with a suggestion from the Timmins society favouring the formation of a Co-operative League of Ontario in affiliation with the C.U.C. The Union executive opposed this plan because it tended toward a federal national co-operative organization in which the affiliated regional leagues would have virtual independence. This federal plan was similar to the method under which the Co-operative League of the United States was organized, and it was that plan which had allowed the more radical regional leagues to dominate the 1926 C.L.U.S.A. Congress. With the American problems well known to them, Keen and Good insisted on maintaining the British method of affiliating local societies directly.<sup>2</sup>

The suggestion put forward by the Timmins society was an indication of that society's increasing radicalism. The Timmins management was strongly influenced by Eskel Ronn and the moderate communists of the Co-operative Exchange, and, in March, 1928, it decided to circulate the Exchange's moderately radical publication, The Pyramid Builder, rather

1. Keen to C.W. Wright, February 2, 1929, C.U.C., vol. 49, 1929 IO: file "Northern Ont. Conference".

2. Ibid.

than The Canadian Co-operator.<sup>1</sup> In part, this increasing radicalism was explained by a mine disaster in February, 1928, in which, so the local co-operators believed, the Hollinger Mining Company had been negligent.<sup>2</sup> The result had been a stirring of anti-capitalist feeling among the miners, and the co-operative, reflecting the mood of the community, had moved leftward politically. As it did so, relations between it and the Union deteriorated considerably. By November, 1928, when the society was celebrating its third anniversary, the C.U.C. refused to be associated with the festivities because of its political orientation.<sup>3</sup>

With the decline in rapport between the Union and the largest northern co-operative, the societies of Northern Ontario split into two camps: the stronger was roughly controlled by an amalgam of communist leaders, the weaker by the C.U.C. The Union successfully called a meeting of its more faithful member societies at Englehart on April 30, 1929, but there was little enthusiasm engendered for closer co-operation and no strong conciliatory efforts emerged from its deliberation. In contrast, the stronger societies, linked by political and racial associations, had earlier

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1. Keen to C.M. Haapanen, March 13, 1938, C.U.C., vol. 149, 1928 MY: file "Workers Co-op of New Ontario". The most radical publication of the Exchange was Tyomies.

2. Keen to Haapanen, February 20, 1928, ibid.

3. Keen to Haapanen, November 7, 1928, ibid.

formed what they called a "Red Centre". Associated in this organization were the C.U.C. affiliates in Sudbury and Timmins and independent societies at Port Arthur, Fort William, Nipigon, and Nolalu. When the centre was formed, its executive sent a telegram regretting that the C.U.C. had not joined them "in endeavouring to find methods of centralizing their commercial and educational activities".<sup>1</sup>

The creation of the Red Centre in Northern Ontario in 1929 seemed to mean that a unified communist movement, embracing both American and Canadian co-operatives, had been achieved. Once again, appearances proved to be deceiving; by late 1929, a serious split had appeared in both national wings of the alliance. The cause was a debate over the relationship between the co-operatives and the Communist party. In the United States during the winter of 1929-1930, numerous special meetings were held in the American societies to discuss whether the party should have ultimate authority or whether each society should decide its own contributions to the workers' cause. Eskel Ronn and George Halonen favoured autonomy for each society while the editorial staff of the Exchange's Finnish newspaper Tyomies advocated party control. Ronn and Halonen were not being inconsistent in their advocacy of local control because they had always viewed the

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1. E. Bohm to Keen, February 5, 1929, C.U.C., vol. 49, 1929 IO: "Northern Ont. Conference".

societies as bases for future conversions rather than as narrow groups of the already converted.<sup>1</sup>

The radical co-operators of Northern Ontario were, superficially, unified behind the pro-party side in the American dispute. At a meeting of the Red Centre in August, 1930, a resolution was passed condemning Ronn and Halonen as well as the C.U.C. The same meeting advocated close co-ordination of left-wing groups in Northern Ontario to "bring them more actively into the revolutionary struggle against the capitalist class."<sup>2</sup> It also proclaimed a need for closer ties with Russian co-operatives and issued a stirring call for the disciplined support of party members:

Workers Co-operatives have great tasks before them, and in order to fulfill these tasks we must get to work at once. Our first task will be to clear the committees (Boards of Directors) of all reactionary and opportunist elements who are acting as stumbling blocks to the progress of the working class movement. Our co-operative employees can be much more active than they have been. We are commencing to notice signs of fear on the part of some of the employees that the manager and members of the Board of Directors are looking sideways at those who take a prominent part in the workers' struggles.

Workers Co-operative stores should be closed on May First and all members including employees should take part in the demonstration.<sup>3</sup>

The sharpest battle for control took place in the Workers Co-operative of New Ontario, located in Timmins.

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1. C. Long to Keen, November 22, 1929, C.U.C., vol. 48, 1929 C: file "The Co-operative League U.S.A."

2. Clipping, The Worker, August 28, 1930, C.U.C., vol. 54, 1930 NW: file "N".

3. Ibid.

This society, the second largest distributive society in Canada had been launched by communists and had always been very sympathetic to the communist viewpoint.<sup>1</sup> Its secretary-treasurer, N. Thachuk, was the Communist party organizer for the party's Northern Ontario district,<sup>2</sup> and its manager during the late twenties, C.M. Haapanen, was at first very sympathetic.<sup>3</sup>

During the summer of 1930, Haapanen left the society to become manager of a co-operative in Crystal Falls, located between Sudbury and North Bay. Haapanen's departure was probably connected with the dispute between more moderate marxists and Communist party leaders because Haapanen was an admirer of the Ronn-Halonen faction in the United States and because he had never been an admirer of the party's local leaders.<sup>4</sup> After his departure the society declined rapidly because of political schisms and adverse business conditions. At a meeting of the board of directors of December 20, 1930, it was at first decided to recall Haapanen as manager. The decision was strongly opposed by N. Thachuk, the secretary, and by Tim Buck and A.T. Hill, Communist party representatives

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1. C.U.C., vol. 147, 1927 LY: file "Workers Co-op of New Ontario".

2. Preliminary Inventory, The Communist Party of Canada Papers, O.P.A.

3. Several letters, C.M. Haapanen to Keen, C.U.C., vol. 151, 1929 MW: file "Workers Co-op".

4. Memo, "Workers Co-operative of New Ontario, Ltd.", C.U.C., vol. 155, 1932 AD: file "Consumers Co-op Soc.". p. 1.



from Toronto. So vigorously did the party representatives protest that the decision to hire Haapanen was rescinded, and the matter was left over for the annual meeting in February, 1931.<sup>1</sup>

The Communist party's increasing involvement in the Workers' Co-operative was made possible by its legitimate, successful efforts during 1930 on behalf of party members contesting vacant positions on the society's boards of directors and education. By late 1930 and early 1931, they were in a strong enough position to have comparatively large sums of money voted from the society's educational fund to favourite projects of the party. Voting for these donations, it was alleged, took place at the conclusions of long meetings of the executive when opponents of the party had gone home.<sup>2</sup> Examples of these donations were: \$200 to the Canadian Labour Defence League, a communist-inspired legal organization; Needle Workers' Union, \$200 for a strike in Toronto; and A.T. Hill, personal expenses, \$100.<sup>3</sup>

The struggle came to a climax in late February, 1931.

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1. Memo, "Workers Co-operative of New Ontario, Ltd.", C.U.C., vol. 155, 1932 AD: file "Consumers Co-op Soc.", p. 1.

2. C.C., May, 1931, p. 8.

3. All voted at a board meeting, January 26, 1931. Memo, "Workers Co-operative of New Ontario", ibid., p. 1. Later grants were also made at a meeting on February 22, 1931: Canadian Labour Defence, \$50; District 4 Bureau--Communist Party, \$200. At other meetings further grants were made: the Toilers Merchandizing and Distributive Association in Sudbury, \$500; The Worker, \$50; and the Unity League, \$50. Ibid., p. 2.

According to anti-party members, the board meeting in December, 1930, which had indicated a preference for Haapanen as manager, had directed that the membership should decide the management question. Thus, when meetings were convened at the branch stores in Kirkland Lake and South Porcupine, the membership voted to select board members and on a referendum about Haapanen's appointment. The result of the referendum at both branches was an overwhelming vote in favour of Haapanen's appointment. In fact, the results were so overwhelming, so it was alleged, that at the meeting at the main store on February 22, 1931, the referendum was disallowed by a frightened board that reversed itself and reasserted<sup>1</sup> its right to select a manager.

In conjunction with the charges of duplicity naturally arising from their view of how the referendum issue was dropped at the Timmins store, the anti-party forces alleged that the election of the board of directors had been manipulated by the party. According to this view, the party leadership in control of the retiring board had illegally organized the election so that their control would be continued. Specifically, the party had arranged the elections so that the only candidates running for office at the three locations

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1. All voted at a board meeting, January 26, 1931. Memo, "Workers Co-operative of New Ontario", C.C., May, 1931, p. 1. Later grants were also made at a meeting on February 22, 1931: Canadian Labour Defence, \$50; District 4 Bureau-- Communist Party, \$200. At other meetings further grants were made: the Toilers Merchandizing and Distributive Association in Sudbury, \$500; The Worker, \$50; and the Unity League, \$50. Ibid., p. 2.

were their own. They were able to do so because they insisted on keeping secret, except among themselves privately, the names of the candidates at each place of balloting. While this stratagem was of only doubtful legality, the decision to hold three ballots rather than one general vote of all branches was definitely in violation of the rules. So too, if true, were charges that the board allowed non-members to vote and permitted some members to vote more than once.

C.M. Haapanen led Timmins co-operators who opposed closer ties with the Communist party. For his pains, Haapanen and others were expelled during the spring and summer of 1931. Those who were expelled, plus some who were dissatisfied, established their own new society in May of that year. These moderates, who numbered ninety-seven, called upon George Keen for advice in forming the new store and in attempting to regain their investments in the old society.

Keen advised them to appeal to the Provincial Secretary's office in Toronto in an effort to force the refunding of share capital, and he further suggested that there was reason for an official investigation into unusual voting practices in Workers' Co-operative. Keen negotiated with the office on behalf of the moderates in Timmins and was successful in having an investigation launched, although not in gaining any revenge for the moderates. His activities,

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1. See C.U.C., vol. 58, 1932 AE: file "A" and vol. 155, 1932 AD: file "Cons Coop of Timmins".

however, did help the Union regain a strong society in Timmins. Consumers Co-operative, as the new society was called, built upon the reaction to Communist party activities in the old society, and at the end of its first ten<sup>1</sup> months had sold over \$140,000 worth of merchandise.

Another recovery for the Union, as party influence de-<sup>2</sup>clined, occurred in Sudbury. The Sudbury Consumers' Co-operative had left the C.U.C. when the Red Centre was organized, but it was forced to close its doors late in 1931 because of internal bickering and external depression. Its dairy business, which had been its strongest feature, was taken over by a new co-operative advised in its infancy by George Keen. The new society, Sudbury Producers and Consumers Co-operative, was admitted to the Union and became<sup>3</sup> a relatively strong member during the 1930's.

The regaining of the two societies in Northern Ontario indicated that the Union had escaped from the debate over

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1. C.C., September, 1932, p. 15.

2. One reason for the party's decline was the arrest of some of its leaders in August, 1931. Pressure by the police upon Communists was one of the reasons for deepening party interest in the co-operatives as suppliers of necessary funds for legal defences. Thus, the activities in Timmins in 1931. In part, too, the problems encountered by the party after the arrests and imprisonment of such men as Buck and A.T. Hill were accounted for by the emergency drafting of poor leadership by the co-operatives faithful to the party.

3. C.U.C., vol. 160, 1933 PY: file "Sudbury Prod & Cons Coop Dairy" and vol. 163, 1934 OY: file "Sudbury Producers".

communism with relatively light losses.<sup>1</sup> But the losses and difficulties had been sufficient to prove to the national executive that partisan political involvement was not only of little use--it was also potentially disastrous. Henceforth, George Keen would not participate in any serious way with any political movement while W.C. Good would only accept marginal involvement. Henceforth, though they would campaign for specific issues, they would devote themselves to educational and social movements, resigned to the view of conservative co-operatism that progress depended on the slow reform of all societies and not on political parties.

## vi

The communists put forward the only direct political threat between 1929 and 1932, and that particular problem would not reappear until the C.C.F. and Social Credit looked longingly at the movement later in the thirties. As for the Liberal and Conservative parties, they maintained their disinterest and the Union maintained its distance. Neither Keen nor Good thought it worthwhile to involve themselves in the 1930 election, and they viewed the results as being unimportant.

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1. Keen believed that one other society, The Sointula Co-operative Store, a predominantly Finnish society associated with the Sointula fishing co-operative which had launched the B.C. Fisherman's Co-op Assn., had left the C.U.C. because of communist influence. See Keen to A. Williams, November 24, 1930, C.U.C., vol. 153, 1930 IS: file "Sointula Co-op Store". No proof, however, exists one way or the other, and it is possible that sheer distance was the main factor.

The only connections with Parliament were through Good's friendship with the "Ginger Group", and the only relations with the government were through the resolutions sent by each Congress to the Prime Minister. Neither of these connections produced much that was productive before, during, or after the 1924-1932 period. The "Ginger Group" was sympathetic but powerless; the Prime Minister, be he King, Meighen, or Bennett, was disinterested. Thus, Union appeals for co-operative legislation, consumer protection, the abolition of cadet training, and the abolition of tariffs stirred no meaningful activity.

During 1929, however, the Union, along with other co-operative institutions, did score one triumph in their relations with the federal government. The 1919 decision of the Income Tax Department that reserves were taxable but dividends were not was becoming a major problem for co-operative societies of all types. Among the Union affiliates, the Davidson and Lloydminster societies suffered particularly because they had been forced to carry very heavy reserves to offset the debts accumulated by farmers during difficult times. Some of the producer societies carried even heavier reserves because of the fluctuating markets,

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1. The wheat pools were involved in the effort to gain tax relief, but they were not directly affected themselves as they had won exemption because of the form of their contract in a recent Exchequer Court decision. Keen to R.A. Palmer, November 1, 1929, C.U.C., vol. 48, 1929 C: file "Co-operative Union (Eng.)".

and, led by the Fraser Valley Milk Producers, they arranged for a meeting with Mackenzie King and some of his cabinet in December, 1929.<sup>1</sup>

Keen played a prominent part in the meeting. Having been concerned about the taxation question since 1917 and having won the partial victory for co-operatives in 1919, he probably knew more about the issue than anyone else. Along with a Vancouver lawyer, he prepared the presentation to cabinet, and he buttressed the appeal with arguments used by British co-operators fighting the same battle at the same time.<sup>2</sup> The result was that the delegation of co-operators received a sympathetic hearing from King and the cabinet ministers. C.A. Dunning, the Minister of Finance, was particularly impressed, no doubt because of his own co-operative background and because of the forthcoming election:<sup>3</sup> the Liberals needed all the farmer support they could muster.

Shortly after the meeting, the cabinet had Parliament agree to the passage of an amendment granting exemptions to co-operatives who did at least eighty percent of their trade with members. The position of consumer societies in urban areas was left vague in the amendment, to Keen's displeasure,

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1. Keen to R.A. Palmer, December 7, 1929, C.U.C., vol. 48, 1929 C: file "Co-operative Union (Eng.)".

2. See several letters between Palmer and Keen, ibid.

3. Keen to R.A. Palmer, December 12, 1929, ibid. Dunning came from a family of co-operators in Leicester and had been active in the Saskatchewan movement.

but as few urban societies had reserves of any significance, the problem did not receive much attention in 1929 and 1930. The important point was that Keen and the Union had re-asserted their right to be viewed as authorities on the taxation question. They solidified that right a few months after the Ottawa meeting when they successfully appealed an assessment of \$10,000 against the affiliated farmers' society in Harrow, Ontario.<sup>1</sup>

Thus, the Union, in its political activities between 1924 and 1932, had established three main policies: it had to take stronger stands on basic problems confronting the world community and the international movement; it had to avoid involvement with radical political philosophies that could produce dissension among its supporters; and it had to protect its interests by watching carefully the activities of orthodox politicians. Such policies, of course, added greatly to the work undertaken by Good and Keen, but they were, in a sense, welcome additions: after all, they were necessary simply because the Union and the movement were no longer insignificant parts of Canadian life.

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C.U.C., vol. 152, 1930 AM: file "Harrow Farmers' Co-op Assn.".



## CHAPTER TEN

### STRENGTH AMID ADVERSITY:

#### THE UNION FROM THE 1928 CONGRESS TO 1932

Our most pressing duty is the creation of co-operators, irrespective of the "form in which they practise, or propose to practise, our principles. For that reason, the Co-operative Union of Canada seeks to include in its membership all types of genuine co-operative societies. It is hoping to promote fraternal and mutually helpful relations and understandings between them, and to secure the assistance moral and material, of all in the propagation of a knowledge of Co-operation throughout the country.

George Keen,  
C.C., February, 1931, p. 10.

We are told that the fisherman is LAZY. But is it not ignorance (and its first born--exploitation) that produce laziness? The ignorant or exploited man struggles and finds no advance in his condition from year to year. The less the result from his work, the less will he like doing it--which means laziness. The more his ignorance or the more the exploitation to which he is subjected the less is the result of his work because the less productive it becomes.

Today the very humblest kind of work must fail unless it has knowledge and ideas in it--and here I include organization. Without these work is only slavery....Let the modern work-man but learn about his industry, adding the mind to the body in it, and then his brute strength, hitherto without mind in its slavery, has new eyes put into it, and even something of a soul.... Then his work itself becomes an education and a delight, with a moral center of gravity in itself, and our man goes forward in his normal strength abreast with the world that has so far trampled over his unnecessary and abnormal weakness.

J.J. Tompkins to G. Keen, September 18, 1929,  
C.U.C., vol. 50, 1929 PZ: file "T".

The communist attempt to assume control of some co-operatives was one way in which the "outside world" affected the Union and the movement between late 1928 and the end of 1932. A second external factor of some importance in the same year was the Great Depression. The Depression, of course, particularly affected the Prairies and did eventually create serious problems for the institutions that had given the Union much of its increased strength during the late twenties. Yet, the Depression, remarkably, did not have much of an immediate impact: 1929 was a good year financially as the affiliated consumer societies sold about \$1,750,000 worth of merchandise, and the three new wholesales<sup>1</sup> disbursed about \$1,000,000 worth of goods. The visits in June, 1928, of the representatives from the British and international movements had stimulated considerable enthusiasm, and the interest displayed at the Lloydminster Congress did not quickly dissipate.

The tardy impact of the 1929 collapse is further indicated by the fact that, up to the middle of 1930, the Union, in its Prairie activities, was primarily concerned about

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1. C.C., July, 1930, pp. 10-13.

three problems essentially unrelated to the Depression: a debate over the continuing membership by the United Grain Growers; the practical and political problems of the western wholesales, especially the Saskatchewan organization; and the integration of the Saskatchewan movement.

At first glance, the protest against the Union membership of the U.G.G. might be seen as an outgrowth of animosity between the U.G.G. and the pools. In 1926 and 1927 some pool officials had refused to consider joining the Union because the U.G.G. was an affiliate. This position was natural because many, if not all, of the pool leaders had come from the stream of agrarians that had become critical of the old grain companies. But, in fact, as the pools became prosperous their concern about whom they associated with declined; one delegate from the Saskatchewan Pool at the 1928 Congress had even suggested that U.G.G. affiliation was not an obstacle to the affiliation of his organization.<sup>1</sup>

The campaign against the U.G.G. emanated from the growing distributive co-operatives who, during the late twenties, were confronted by some strong opposition from the chain stores and from the supply departments of the old farmer organizations. The difficulties caused by such departments has been shown in the way the U.F.C. Department had inhibited the development of a Saskatchewan wholesale. The U.G.G.

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1. C.C., August, 1928, p. 19.

organization posed even greater problems because it served all the Prairies, had better managers, used more advanced salesmanship, and had well-established distribution points.

One of the leaders of the campaign against the U.G.G. was H.W. Ketcheson, in 1929 the newly appointed manager of the Saskatchewan C.W.S. Ketcheson had led the fight for the consumer societies against the U.F.C. Trading Department, and for him, the battle against the U.G.G. was merely a pro-<sup>1</sup>longation of the same struggle. The key commodities dis-tributed by the new wholesale, and the ones which caused the difficulty, were coal, twine, and oil.<sup>2</sup> The U.G.G.'s Trading Department depended heavily upon these items and was a major supplier of them to the western farmer. This competition, the fact that the U.G.G. did not distribute dividends, and a cash-poor situation during early 1929 led Ketcheson to organize an anti-U.G.G. campaign. In his view,<sup>3</sup> the U.G.G. had "no right to be connected with our movement",<sup>4</sup> and he found supporters in all three Prairie provinces.

The issue came to a head at the 1929 Congress held in Winnipeg. The U.G.G. offered to host a banquet for the

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1. Ketcheson to Keen, March 16, 1929, C.U.C., vol. 151, 1929 MW: file "Sask. C.W.S.".

2. Ketcheson to Keen, March 27, 1929 and April 20, 1929, ibid.

3. Ketcheson to Keen, May 28, 1929, ibid.

4. Ibid.

delegates but was shocked to find that only a few people at the convention would "eat at their table". Then, at a meeting on July 10, 1929, Ketcheson introduced a resolution calling for the expulsion of the United Grain Growers Company because it was not a true co-operative. Before a vote could be taken, T.A. Crerar rose to announce the regretful withdrawal of his company. He could see little value in the U.G.G. staying in an organization which contained so many members antagonistic to it. Nevertheless, he pledged his company's interest in the Union and what it stood for; above all, he paid tribute to the work of W.C. Good and George Keen, exonerating them from any part in the incidents leading to his company's withdrawal.<sup>1</sup>

Crerar's exoneration was deserved because the two leading C.U.C. executives had resisted Ketcheson's campaign from the beginning. Both men assumed the position that publicly they could not interfere in the debate between the wholesales and the U.G.G. unless asked to do so by both sides. This stance was in keeping with the position the executive always took in the relatively rare disputes that emerged between member organizations. Keen, however, did defend his and the United Board's decision to admit the U.G.G. in 1919. He consistently pointed out in correspondence to Ketcheson and

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1. C.C., August, 1929, pp. 21-23. See also exchanges between Keen and R. Wood, C.U.C., vol. 150, 1929 AL: file "Armstrong".

others that the grain company had been a generous and sympathetic benefactor during a period when the Union had few western friends. He also believed that the company, in the context of the time in which it had developed, had been as co-operative as possible; and in the context of the uncertainties of the late 1920's, there was some wisdom in keeping an association with it. Similarly, W.C. Good sought to maintain the association by working very hard behind the scenes to head off the anti-U.G.G. resolution. He failed,<sup>1</sup> but not before he gained the appreciation of the company. Indeed, so hard did Good and Keen work on the company's behalf that the U.G.G. maintained its annual contribution to the Union even after it withdrew.

## 11

Behind the anti-U.G.G. campaign by the consumer societies rested two years of frustrating practical and political problems for the western wholesales. As could be expected with such complex new organizations, there were a number of difficulties in their formative months. The Manitoba and Alberta societies had the most glaring practical problems. The former ran into early difficulties because of the unwise purchase of a printing plant,<sup>2</sup> and the

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1. R.S. Law to Keen, July 15, 1929 and September 12, 1929, C.U.C., vol. 151, 1929 MW: file "U.G.G.". See also Keen to R. Wood, September 30, 1929, C.U.C., vol. 150, 1929 AL: file "Armstrong".

2. Keen to A.P. Moan, December 13, 1930, C.U.C., vol. 152, 1930 AM: file "Alta C.W.S.".

latter because of the opening of a province-wide independent petroleum co-operative by the U.F.A.<sup>1</sup> To those problems was added the U.G.G. competition, a final straw and a convenient release for accumulated tensions. No wonder, then, that such Alberta leaders as A.P. Moan of the Alberta wholesale and such Manitoba leaders as W.S. Gable of the Manitoba wholesale helped to bring about the U.G.G.'s withdrawal.

In Saskatchewan, where the wholesale rested on much firmer foundations, the frustration emanated less from practical problems and more from a continuing difficult relationship with the United Farmers of Canada. The major problem was that that institution's Trading Department remained independent despite the agreements reached between the U.F.C. and the Saskatchewan wholesale in 1928. The business done by the Trading Department had declined during late 1927 and throughout 1928, but there was still a chance that advocates of a "chain-store" plan might gain control. The Union became suspicious of that possibility in January, 1929, when the U.F.C. again ignored George Keen and selected another speaker for its session on consumer co-operation.<sup>2</sup> After the meeting doubt persisted,<sup>3</sup> not to be removed until an audit of the Trading Department was released in March. That

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1. Keen to A.P. Moan, April 12, 1930, C.U.C., vol. 152, 1930 AM: file "Alta C.W.S.".

2. Keen to W. Waldron, January 23, 1929, C.U.C., vol. 48, 1929 C: file "Cooperation and Markets Branch Sask. D/A".

3. Keen to Waldron, February 6, 1929, ibid.

audit indicated that the Department was in a most difficult position: its trade had declined markedly, important financial documents were missing, and the manager had disappeared with \$21,000.<sup>1</sup> This situation destroyed the hopes of the U.F.C. leaders favouring the intensive development of the Trading Department. In fact, committees from the farmers' organization and from the wholesale began to meet shortly after the audit was issued, and they quickly arranged for a transfer of the Department to the wholesale.<sup>2</sup>

The victory for the wholesale was also partly caused by changes in the U.F.C. leadership. At the 1929 January meeting G.H. Williams was elected president. Williams, sympathetic to the Union and to consumer co-operation generally, had been trying since early 1928 to have the U.F.C. affiliate with the C.U.C.<sup>3</sup> When he became president, he successfully pressed for this affiliation, and the United Farmers applied for membership at the same time as it was negotiating with the wholesale.<sup>4</sup> Having already considered the possibility of such a request in 1928, Keen moved quickly when the application was received, and the United Farmers became

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1. J.F.C. Wright, Prairie Progress, p. 64. He was later apprehended and sentenced to the Alberta Penitentiary.

2. Ibid.

3. Keen to Waldron, March 5, 1929. C.U.C., vol. 48, 1929 C: file "Cooperation and Markets Branch Sask. D/A".

4. Ibid.



affiliated.<sup>1</sup> With its joining and its acceptance of the joint wholesale venture, one of the breaches in the Saskatchewan movement was partly healed.

The U.F.C., however, still posed a few problems, not only for the consumer leaders in Saskatchewan but for the Union as well. It was the most radical of the major Prairie organizations and, in 1929, was the storm centre for two very contentious issues: political involvement and one hundred percent pooling. At its 1929 convention the U.F.C. nearly entered political activity despite the intense opposition of the wheat pool.<sup>2</sup> The Union reaction to the possibility of U.F.C. political involvement was to avoid any public statement, pro or con, but to insist that neither it nor the movement be implicated should the farmer's organization become a political party. Similarly, the Union did not take a public position on compulsory pooling, believing that its executives were not qualified to judge the issue. Privately, Keen was not sympathetic to the idea because it relied upon government coercion rather than individual initiative.<sup>3</sup>

Nevertheless, these two issues were not unimportant: just as the affiliation of the U.G.G. had invited the

1. See correspondence between Keen and F. Eliason, April 1929, C.U.C., vol. 151, 1929 MW: file "United Farmers of Canada".

2. W. Waldron to Keen, March 9, 1929, C.U.C., vol. 48, 1929 C: file "Cooperation and Markets Branch Sask. D/A.

3. Keen to W. Waldron, March 14, 1929, ibid.

dissatisfaction of its opponents in 1919, so the affiliation of the U.F.C. incurred the wrath of its critics for the Union. The most important critics of the United Farmers were some leaders of the pools in general and some in the Saskatchewan wheat pool in particular. A.J. McPhail of the latter organization, aided by Henry Wise Wood in Alberta, led the fight against the compulsory pool idea advocated by the U.F.C.<sup>1</sup> McPhail was not strongly opposed to the U.F.C. generally, but he would not allow integration of their efforts as long as the one hundred percent pool issue remained alive. This desire to remain as detached as possible from the compulsory pool advocates was one of the reasons why the pools remained aloof from the C.U.C. in 1929 and 1930. Thus, though the Union and its Saskatchewan allies had brought about some unity in the Saskatchewan movement by associating with the U.F.C., they had, at the same time and by the same act, created greater differences with another wing of the agrarian movement.

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The question of affiliation by the pools, however, was complicated and went beyond the problems created by U.F.C. policies or potential policies. Some interest in joining the Union had been manifest since the 1928 Congress. The Union had actively sought their affiliation since that

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1. See H.A. Innis, The Diary of A.J. McPhail, p. 185ff. and W.K. Rolph, Henry Wise Wood, pp. 194-197.

Congress, even though in doing so it went against some co-operative sentiment in other countries. Many British co-operators, despite the 1928 visit of some of their leaders, and some Americans, notably J.P. Warbasse of the Co-operative League, would not accept the claims of the pools to be co-operative because of their producer orientation and their monopolistic ambitions.<sup>1</sup> In their view, the only correct form of co-operation was consumer co-operation, and any organizations which did not recognize the supremacy of the consumer was, by its very nature,<sup>2</sup> unco-operative.

George Keen theoretically saw the attraction of this viewpoint, and, indeed, he had committed the Union to it until the late twenties. But, with the failures in Ontario in the early part of the decade, the obvious successes of the marketing co-operatives, and his increasing concern about the growing power of the opposition, he began to stress the necessity of seizing upon every opportunity to spread the co-operative faith. The producers' organizations did not offer co-operative purity, but they did present one of the few fruitful areas in which some good work could be be undertaken.<sup>3</sup> Thus, Keen eloquently and repeatedly

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1. Keen to H.J. May, December 5, 1928, C.U.C., vol. 45, 1928 FL: file "International Co-operative Alliance".

2. For a full discussion of Warbasse's philosophy of co-operation see J.P. Warbasse, Co-operative Democracy (New York, 1942). For his view of marketing co-operatives, see pp. 209-228.

3. Keen to C. Long, November 20, 1929, C.U.C., vol. 48, 1929 C: file "Cooperative League U.S.A.".

contested the exclusively consumer dominated views of J.P. Warbasse throughout the thirties.

In the final analysis, the difference between Keen and Warbasse was one of degree only. Warbasse agreed that producer co-operation could lead to consumer co-operation, but he did not think the agrarians should be sanctioned until they reached the latter stage. To do so would risk recognizing dangerous imitators who ultimately would harm the movement.<sup>1</sup> In Keen's view the movement should admit the well-meaning savages and try to make them into gentlemen. Yet this difference in degree created a minor schism between the Co-operative League and the C.U.C.<sup>2</sup> Curiously enough, it even produced some strong debates when Warbasse's views were used by a few leaders of the pools as reasons why they could not join the Union: in a burst of remarkable modesty, they claimed an inability to meet the C.U.C.'s high ethical standards.<sup>3</sup>

Keen's approach to the question of producer societies was more in keeping with changes within the international movement than was Warbasse's. His attempts to unite with the marketing organizations, for example, had received the blessings of H.J. May, the secretary of the International Co-operative Alliance. After his 1928 visit May had written:

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1. J.P. Warbasse, Co-operative Democracy, pp. 209-211.

2. See C.U.C., vol. 50, 1929 PZ: file "W".

3. Keen to C. Long, November 20, 1929, C.U.C., vol. 48, 1929 C: file "Co-operative League U.S.A.".

My conclusion about the Wheat Pools is that in Canada at least they are not only not yet divested of co-operative principle and spirit, but that in fact they possess a considerable portion of both. Further, that their constitution and aims are not necessarily anti-co-operative and that, therefore, it is the duty of Organisations like the International Co-operative Alliance and the Co-operative Union in Canada to cultivate them and to use every effort to maintain them upon true co-operative principles for three reasons: --First, for their own sake as co-operative aims will best serve their highest interests; second, for the better cultivation of good relations between different aspects of co-operative effort, i.e., Agricultural and Consumers which is essential to the realisation of the Co-operative Commonwealth; third, because anything like the full development of Consumers' Co-operation in Canada is impossible without the membership of the Wheat Pools.<sup>1</sup>

Similarly, Keen's ideas were reflections of policies followed in other countries where the same problem had been encountered. By the early thirties, most national movements, prompted by the I.C.A., were attempting to bring together producer and consumer movements that had tended to be antagonistic in the past.<sup>2</sup> In the process, the theory of exclusive consumer co-operation popularized by France's Charles Gide and advocated by J.P. Warbasse was declining.<sup>3</sup> The future, it was believed, belong to diversity; like the

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1. H.J. May to Keen, December 28, 1929, C.U.C., vol. 49, 1929 IO: file "International Co-operative Alliance".

2. See "International Economic Policy", a draft of I.C.A. principles received by Keen on May 9, 1930, C.U.C., vol. 53, 1930 IM: file "International Co-operative Alliance".

3. For an indication of Charles Gide's thought see C. Gide, Consumers' Co-operative Societies (New York, 1922). For a consideration of the controversy surrounding his thought during the twenties and after, see P. Lambert, Studies in the Social Philosophy of Co-operation (Manchester, 1963), pp. 159-176.

liberal theologians of the period, the more liberal co-operators no longer believed there was a single, dogmatic way to salvation.

Warbasse's ideas, however, were more likely an excuse rather than a reason why the pools did not rush to join the Union in 1929 and 1930. The real reasons undoubtedly were economic. The C.U.C. really provided only one useful service for the pools: George Keen's articles on their behalf for co-operative journals in Great Britain. For this service the pools paid to him personally (and not to the Union) an unsolicited five hundred dollars during the 1929 Winnipeg Congress.<sup>1</sup> But beyond this service the Union could do little for them. Following the 1929 Congress the pools discussed the possibility of affiliation at an interprovincial meeting and decided that the matter should be left to the consideration of each provincial pool.<sup>2</sup> The immediate result of this action was that affiliation was apparently not even considered by the Alberta pool, that the Saskatchewan organization offered a donation but refused to join, and that the Manitoba pool decided to join when it could afford it.<sup>3</sup>

Keen believed, as did some co-operators on the Prairies,

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1. Keen to J.F. VanLane, September 27, 1939, C.U.C., vol. 50, 1929 PZ: file "V".

2. Keen to C. Long, November 1, 1929, C.U.C., vol. 48, 1929 C: file "Co-operative League U.S.A.".

3. Keen to H.J. May, January 23, 1930, C.U.C., vol. 53, 1930 IM: file "International Co-operative Alliance".

that the Alberta and Saskatchewan pools would not join because they were afraid of antagonizing certain groups. Members of the Retail Merchants Association had actively supported those pools since their inception. The pools, moreover, sold a high percentage of their produce to suppliers of normal retail outlets, and, in a time of difficult markets, could not afford to antagonize them.<sup>1</sup> Finally, there was some validity in the attitude of J.P. Warbasse toward the pools: their leaders were essentially capitalists trying through combination to compete for markets and profits with other capitalists. Perhaps Henry Wise Wood can stand as their symbol: conservative, pragmatic, resourceful, he saw co-operation as a tool not really as a way of life, and for him there was no contradiction in farmer co-operators working with businessmen.<sup>2</sup>

The relationship between the pools and the international movement, especially its consumer wing, became a very important issue during 1930. With declining markets facing the pools both at home and abroad, they undertook a determined

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1. Keen to H.J. May, January 23, 1930, C.U.C., vol. 53, 1930 IM: file "International Co-operative Alliance".

2. See W.K. Rolph, Henry Wise Wood, pp. 52-54. Too much has been made of Wood's philosophy of co-operation. He was essentially a pragmatic organizer, not a philosopher in the traditions of the international movement. He gave little thought to any other aspect of the movement except producer organization, and the kernel of his philosophy was the protection and preservation of the agrarian community. Co-operation was only one of the tools he sought to use, and it was never the heart of his philosophy, as it was for other agrarian leaders in Europe, for example, Horace Plunkett in Ireland.

campaign for new wheat buyers. One of the potential markets in which they were interested was controlled by the various co-operative wholesales in Europe. As nearly all of these organizations supported the International Co-operative Alliance through their national organizations, the pools sought to become affiliated with the international organization as a means of gaining valuable contacts. Unfortunately, the pools did not follow the usual affiliation pattern which was through the national executive body, in their case, the C.U.C. Rather, they applied for affiliation directly as independent co-operatives. The Saskatchewan pool, in particular, admitted to C.U.C. representatives that its motive was essentially economic and was not the result of an idealistic belief in the total co-operative movement.<sup>1</sup>

This attempt by the pools to join the I.C.A. became the issue for a vigorous debate at the 1930 Congress held in Toronto. Because most of the delegates at the Congress represented the scattered consumer societies of Eastern Canada, they tended to be violently critical of the action by the pools. In their view, the pools had flouted the national organization and deserved to be censured for it. At first, J.P. Warbasse and a representative of the Scottish Wholesale Society tended to support the general opinion of the delegates, but they were ultimately convinced by George

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1. H.W. Ketcheson to Keen, July 14, 1930, C.U.C., vol. 154, 1930 SY: file "Sask. C.W.S."



Keen of the foolishness of such censure.<sup>1</sup> Keen and Good were both concerned by the pools' application, but they hoped that it might eventually lead to affiliation with the C.U.C. According to them, nothing could be gained by censure whereas exposure to the international movement might show the pools the value of national integration.<sup>2</sup> Ultimately, the Congress agreed upon a resolution supporting the application of the wheat pools but requesting that they first affiliate with the C.U.C.<sup>3</sup>

## iv

By 1930, the divisions in the Northern Ontario and Prairie movements were pronounced, and they were threatening to destroy the two movements. Similarly, divisions remained in Southern Ontario, where the rural-urban split still lingered, and in the coastal regions where farmers, miners, and fishermen still agreed to disagree. Good and Keen, enthusiastic in 1928, were somewhat discouraged in 1930 as they found out how difficult it was to make "co-operators co-operate".

On a national scale, divisions were apparent, too, as the regional tensions of the Canadian nation made integration

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1. Keen to H.W. Ketcheson, July 21, 1930, C.U.C., vol. 154, 1930 SY: file "Sask. C.W.S."

2. Keen to H.J. May, May 27, 1930, C.U.C., vol. 53, 1930 IM: file "International Co-operative Alliance".

3. C.C., August, 1930, p. 25.

very difficult. As the Depression deepened the same protectionist, inward-looking attitude that characterized Canada in general characterized each of its regions: finding funds for financing the Union became difficult; creating a consciousness of a national movement became nearly impossible; and maintaining a sense of perspective in the various regions became a daily task.

Until the mid-twenties, affiliates outside of Ontario had decried the Union's preoccupation with Southern Ontario. After 1925, the West became resented as the centre of the executive's attention. In response to the complaints of some Ontario societies and as a means of reviving the old dream of a strong movement in Canada's industrial heartland, Good and Keen decided to hold the 1930 Congress in Toronto. It was the first Congress held in an eastern centre since 1924.

The Congress was a grave disappointment. Despite the complaints of Ontario co-operators that they were being ignored, only a dozen Ontario representatives appeared. Keen was very discouraged, partly because he had worked hard to secure the attendance of leading American and British co-operators, and partly because some delegates, such as W.C. Stewart from Sydney Mines, had made considerable sacrifice in order to attend. In the final analysis, though, the poor attendance was a fairly accurate reflection of Southern

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1. C.C., August, 1930, p. 3.

Ontario's lack of interest in co-operation.<sup>1</sup>

Yet there were some encouraging signs at the 1930 Congress. J.J. Morrison of the United Farmers' Co-operative attended, and he regretfully admitted that his organization was not a co-operative. He pleaded that most of the unco-operative features of the U.F. Co-op were caused by inadequate legislation in the 1914-1915 period and from the mis-directed enthusiasm of some early leaders.<sup>2</sup> Morrison promised a revision of the U.F. Co-op so that it would become a true co-operative, and this promise, along with his admissions about early errors, indicated a change of attitude in the U.F.O. movement; in time, the change would permit much closer collaboration between it and the C.U.C.

Other encouraging developments at the Congress were indications of interest by both agrarian and urban groups. Two unaffiliated agricultural societies in Kingsville and Cottam sent delegates and showed some interest in joining.<sup>3</sup> Similarly, some representatives of a new organization, the Toronto and District Co-operative Wholesale Society, appeared at the Congress to investigate the possibility of affiliation.

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1. The executive was not at fault for the poor attendance. They had secured assurances from the membership that a reasonable number of societies would be represented. Less than half of those saying they would send delegates, however, actually did so. C.C., August, 1930, p. 3.

2. Ibid., p. 15.

3. Ibid.

Keen greeted the Toronto organization with some reservations. In the first place, he criticized the organization for its selection of a name: the people behind the society, mostly bread and milk deliverymen in the Retail Clerks' Union, were envisioning a chain of stores selling groceries near cost and incorrectly thought that the word "wholesale" would best describe such a venture. In the second place, Keen strongly disapproved of the position assumed in the society by its president, Alexander Kirkwood. Kirkwood apparently dominated the society's proceedings entirely and drew a salary of fifty dollars per month for "what appeared to be very intangible duties."

Despite these reservations, Keen welcomed the interest of the Toronto organizers. Their appearance at the Congress indicated that some interest in co-operation was reawakening in urban Ontario. Indeed, as Keen soon found out, the Toronto and District Co-operative was the first of a series of enthusiastic groups to appear in the larger cities of Toronto, Montreal, Winnipeg, and Vancouver. Together with the growing interest of fishermen and the continuing involvement of miners and fishermen, these urban enthusiasts would generate much activity in the thirties.

The basic challenge presented by the new enthusiasts during the thirties was essentially an institutional one:

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1. Keen to W.D. McKay, August 10, 1932, C.U.C., vol. 62, 1932 SW: file "S".

how to devise regional and national organizations to direct the new enthusiasm into successful activity? The Union believed that the structures it had long worked for--the wholesale and the provincial section--would be sufficient. If these institutions could be established on the secure foundation of well-organized groups of consumer societies, then the future would be assured. Already, by 1930, part of this general strategy had been fulfilled with the creation and successful beginning of the three Prairie wholesales. The future would be concerned with creating strong wholesales in the other provinces and with fostering the institutional co-operation that would make sections possible.

This master plan was clear in the minds of the Union's executive in 1930, just as clear as it had been over the preceding years. Its time for implementation was still a few years distant, but a new assistant was being added in 1930, an assistant ultimately more responsible for the plan's adoption than all the efforts of the Union executives. The assistant, strangely enough, was the Depression. It, not Good or Keen, was primarily responsible for vividly demonstrating the problems of capitalism and the potential of co-operation; it, not the Union executives, was responsible for creating the conditions in which, for some Canadians, co-operation was not only advantageous but essential.

From the earliest days of the Depression's first impact, Good and Keen saw it as proof of the need for co-operative development. Beginning in early 1930, Keen interpreted the

economic collapse as just retribution for a world based on competitive individualism. He believed that the most important cause of the Depression was the inequal distribution of purchasing power made inevitable by the existing systems of production and distribution.<sup>1</sup> To resolve the economic problems, the Union's secretary argued for co-operation as the only reasonable cure because it distributed a fair and moderate share to the primary producer, the manufacturer, and the distributor. The only other alternative, state socialism, would create deep tensions and introduce other, perhaps more serious, problems.

W.C. Good adopted a similar approach to the Depression. In his Presidential Address to the 1930 Congress he blamed the economic distress upon the ideas and machinations of the "unholy alliance of protectionism, militarism, and capitalism."<sup>2</sup> For him, the Depression was a final proof that the individualism and social Darwinism of the nineteenth century were incorrect assumptions.<sup>3</sup> These ideas were wrong because they were opposed to the true course of civilization, the course which depended upon men working together for the common good. They were also insidious in that they made man approach the right problems from the wrong directions: in seeking to

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1. C.C., April, 1930, pp. 3-4.

2. C.C., August, 1930, p. 9. Part of the address is reprinted on pages 7-10 of this issue.

3. Presidential Address, 1932, printed in Good, Farmer Citizen, pp. 259-265.

improve the standard of living, for example, production and the well-being of the producer were emphasized, not consumption and the well-being of the consumer. The only way to eliminate depressions was to eradicate the competitive, exploitive instincts of society's leaders.

Neither Good or Keen thought that the politicians would do much to resolve the Depression. Good, rather sadly rejected the existing political process in 1932 and pointed "to the tragic spectacle of the party politician, appealing to popular ignorance, prejudice and cupidity, and placidly blundering along in supreme disdain of every lesson History has to teach."<sup>1</sup> Keen agreed, particularly attacking the politicians in the 1930 election who had promised to cure the problems when it was obvious that the Depression would have to last many years; such falseness was the product of either insincerity or obtuseness.<sup>2</sup> Similarly, when Keen reviewed the actions of the first emergency session of Parliament called by the Bennett government, he saw nothing positive and believed that the government was primarily concerned with protecting the interests of the producers. The politicians would take care of the men who had put them in office.

The most important conclusion reached by the two men was that the Depression marked an excellent opportunity for the co-operative movement. The British movement had its

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1. Presidential Address, 1932, printed in Good, Farmer Citizen, pp. 260-261.

2. C.C., July, 1930, p. 4.

beginnings in the economic problems of the 1840's and perhaps the Canadian movement could become a significant force during the unrest of the 1930's.<sup>1</sup> More than ever, the two men reasoned, the Union must present its alternative to the Canadian people so that other depressions might be avoided in the future. More importantly, the Union must play its part in the international effort to destroy the combative, individualistic instincts threatening to destroy mankind. As in the war period, the Union greeted wide-spread adversity as a challenge, not a disaster.

## v

The Depression affected the Union's Prairie affiliates the earliest and the most. The poor crop years of 1929 and 1930 added to the problems created by the general economic collapse and meant that co-operative institutions were facing bleak prospects by the autumn of 1930. From the Union's viewpoint, the crucial institutions were the wholesales. The wholesales were the first step toward the development of integrated co-operative movements, and their survival was essential if past gains were to be consolidated and future progress assured. Most of Keen's contacts, moreover, were with men involved in the wholesales; the Prairie movement was too large and his annual trips too short to permit close

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1. C.C., October, 1930, p. 4.



contacts with all the societies. The Union, with between thirty and forty affiliates, more than half of them on the Prairies, was no longer a small organization dominated in every facet by Keen. He had to depend upon the wholesales as the vital advisory institutions among the Prairie co-operatives.

The wholesales were also the most important force working for consolidation of the provincial movements. They had the most to gain by working with the producer organizations, and they knew the most about the needs of unaffiliated consumer societies. The largest wholesale was the Saskatchewan society which surprisingly maintained a business of between <sup>1</sup> \$325,000 and \$400,000 in the early years of the Depression. Under the guidance of H.W. Ketcheson, it successfully went through the organizational stage and absorbed the U.F.C.'s Trading Department. In the early years it concentrated upon oil and twine, basically because Ketcheson had had considerable success with these products while he was manager of the Davidson co-op. <sup>2</sup> With a consistent membership of about twenty-five societies--about half affiliated with the Union--it had a sufficient turnover to provide some security for its leaders and some capital for limited expansion and educational activities.

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1. C.C., August, 1933, p. 13.

2. H.W. Ketcheson to Keen, March 27, 1929, C.U.C., vol. 151, 1929 MW: file "Sask. C.W.S.".

The Saskatchewan wholesale tried to use this strong base to encourage the cohesion of the entire provincial movement. Ketcheson attempted repeatedly to organize joint educational programs with the wheat pool, the U.F.C., the Live Stock Pool, and the Egg and Poultry Pool but with only limited success.<sup>1</sup> Because of the narrow institutional loyalties and, above all, a lack of funds, these organizations could not unite in any extensive projects. They did, however, join together to sponsor some conferences and co-operative schools at the University of Saskatchewan. The wholesale and the U.F.C. informed the Union about these developments and were responsible for Keen's appointment as an instructor at the co-operative schools.<sup>2</sup> Over the years Keen's participation at these schools, which became annual events, aided both the integration of the Saskatchewan movement and the Union's prestige within the province.

The complete drawing together of Saskatchewan co-operators, however, was not accomplished rapidly. By 1930, leaders of the wholesale took part in most of the joint meetings of the producer co-operatives, but its manager often found himself in an isolated position. He was also repeatedly disappointed by the comparatively small amount of business

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1. Ketcheson to Keen, January 24, 1930, C.U.C., vol. 154, 1930 SY: file "Sask. C.W.S.".

2. For a sample program offered by these schools, see copy of a letter, F. Eliason to W. Waldron, April 18, 1929, C.U.C., vol. 151, 1929 MW: file "United Farmers of Canada".

directed to his organization by the producer organizations. The wheat pool in particular disappointed Ketcheson because it turned down most Saskatchewan C.W.S. tenders and selected cheaper ones. To him this was morally indefensible and, from a co-operative viewpoint, was the same as a farmer<sup>1</sup> selecting a better-paying wheat salesman over the pool.

At the same time, Ketcheson, like both Good and Keen, was becoming concerned by the increasing interest taken by farmers in political activities. The U.F.C. in particular was becoming increasingly politicized during the thirties, advocating increased political activities for farmers and state intervention to aid the wheat economy. Ketcheson and the wholesale followed the traditional non-partisan co-operative approach and advocated complete reliance upon co-operative effort. In his view, there was no point in relying upon "outside assistance" in the struggle for complete democracy; the only sure method was learning to help one's<sup>2</sup> self.

Despite these differences, the movement toward unity continued in the early thirties. Although their financial

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1. Ketcheson to Keen, July 14, 1930, C.U.C., vol. 154, 1930 SY: file "Sask. C.W.S.".

2. Ketcheson to Keen, December 27, 1930, ibid. Although agreeing that co-operative effort must be the main agent for change, Keen was somewhat more sympathetic to the political activities of the U.F.C. (as long as the general movement was not involved). In his view, the farmers had every right to demand that wheat prices be set by government. After all, the informal realities of the existing system "set" prices for the farmer--a practice which was hardly fair. Keen to Ketcheson, January 10, 1931, ibid.

position did not allow much practical support, the wheat pools did not ignore the calls for unity by the Saskatchewan wholesale and its colleagues in Manitoba and Alberta. In 1932 the Manitoba and Saskatchewan pools affiliated with the Union and promised to work in harmony with the wholesales.<sup>1</sup> Their affiliation vindicated the moderate approach toward them taken by the Union over the previous six years. Their affiliation also indicated that the pool leadership was beginning to see the necessity of a well-rounded co-operative movement. The confidence developed during the prosperous later twenties had been shaken, and many pool leaders were becoming convinced of the virtues of consumer co-operation and credit unionism.<sup>2</sup>

The two pools also joined because their search for overseas markets had indicated that membership might be useful. European co-operators--especially in Great Britain--purchased large quantities of Prairie grains, and many of them had resented the tendency of the pools to ignore the Union. Indeed, the efforts of the pools to join the I.C.A. independently in 1930 and the agitation for compulsory pooling had undone much of the favourable publicity generated for the pools by Keen and his British associates. Joining the Union

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1. Keen to W. Waldron, vol. 58, 1932 AC: file "Co-operation and Markets Branch, Saskatchewan Dept. of Ag."

2. See W.D. McKay to Keen, August 23, 1932, C.U.C., vol. 62, 1932 SW: file "S" and G.W. Robertson to Keen, September 6, 1932. C.U.C., vol. 157, 1932 PY: file "Sask. C.W.S."

would make the pools appear to be more co-operative in outlook and would help them to gain trade with European co-operators.

The accession of the pools was welcomed, but it did not immediately help the provincial movements a great deal. Neither the pools nor the wholesales possessed the resources to undertake extensive promotion of co-operative activities: the pools depended upon government handouts for survival, and the societies supporting the wholesales were, for the most part, in difficult positions by 1932. In Saskatchewan, for example, nearly all of the societies were hard pressed to survive as the Depression went through its third year. Little money was available, the barter system was revived, credit became a bewildering problem, and cutbacks in staff and service became wide-spread. During 1931, the leading Saskatchewan affiliates reported decreases of between \$24,000 and \$64,000 each, indicating that expansion was impossible.<sup>1</sup> The same pattern, though decreases were less, appeared in 1932.<sup>2</sup> Whatever consolidation had been achieved lay stagnant until will power and funds made further integration possible.

A similar pattern unfolded in Manitoba between 1929 and 1932. The Manitoba wholesale, which had been organized in

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1. C.C., July, 1932, pp. 10-11.

2. C.C., August, 1933, pp. 10-11.

1928, was, as in Saskatchewan, the key institution in the attempt to rationalize the provincial movement. Its work in this direction was sadly affected by some poor business transactions in 1928 and 1929, notably the purchase of an inefficient and outmoded printing plant. Nevertheless, by concentrating exclusively upon petroleum products and farmer supplies generally, the society made steady progress: in 1929 it grossed \$286,000<sup>1</sup> and in 1930, \$333,000.<sup>2</sup> It declined in 1931 but recovered in 1932 to near the 1930 figure, before dropping drastically to below \$200,000 in 1933. In 1934, like the Saskatchewan C.W.S., it started its permanent march to prosperity.

Within the Manitoba wholesale, the key individual was its president, W.H. Popple, who staunchly supported the C.U.C. and diligently encouraged the affiliation of all independent Manitoba societies. He was responsible, for example, for the affiliation of Manitoba Pool Elevators in 1933.<sup>3</sup> More significantly, throughout the early thirties, he continuously pleaded for affiliation by the member societies of his wholesale. He did not have much success in these appeals because most of the member co-operatives were little more than buying clubs using the services provided by

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1. C.C., July, 1930, p. 13.

2. C.C., December, 1931, p. 13.

3. F.W. Ransom to Keen, June 8, 1933. C.U.C., vol. 159, 1933 EO: file "Man. Pool Elevators".

the wholesale at cost. Many were clubs of the United Farmers of Manitoba which provided all the educational services they required. The most these organizations would do for the Union was to hire George Keen's services for a few days each year at Co-operative schools at the agricultural college.<sup>1</sup> Otherwise, most of the societies and locals belonging to the wholesale were content to be affiliated indirectly through the membership in the Union of the wholesale.<sup>2</sup>

The movement in Manitoba in the early thirties lacked the strong consumers movement that existed in Saskatchewan. The only Manitoba members of the C.U.C. during that period were small organizations, briefly affiliated, in Kenville and Moline. These societies could not provide the drive for unified action, and the producer societies were not sufficiently interested. Indeed, the Manitoba situation in the early thirties demonstrated that there was some validity in the old co-operative emphasis on the consumer. Ultimately, one of the few forces capable of drawing together the widely diverging varieties of co-operation was man's common interest in consumption.

Manitoba co-operatives, however, like their Saskatchewan counterparts, at least avoided problems associated with political involvement. In Manitoba the rough coalition of forces

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1. These schools started in 1930. See C.C., May, 1930, p. 13.

2. C.C., March, 1935, p. 14.

behind John Bracken ensured farmer satisfaction in the provincial sphere; on the federal level, radicalism made little headway in the countryside, and farmers generally supported the co-operatively irrelevant Conservatives. Similarly, the Saskatchewan movement resolved its most pressing political problems as it came to terms with the U.F.C. and the wheat pools. During the early thirties the only political problem was the emergence of the C.C.F., and serious difficulties were avoided by most co-operative leaders assuming a non-partisan public stance.

In Alberta, however, the situation was much more complicated: there, the U.F.A., an integrated political and economic machine fashioned by Wood and tuned by Brownlee, made the development of a united, independent co-operative movement nearly impossible. Once again, the key to the situation was the wholesale which had been established in 1929 among several strong societies, most of them C.U.C. affiliates. The U.F.A. in both its economic and political manifestations gave active encouragement to the wholesale when it was being formed,<sup>1</sup> but their interest soon faded. One reason for this waning interest was an unwise purchase of large quantities of unused lumber early in the wholesale's career. Because of that purchase, much of the society's capital was tied up, and it did not devote sufficient time to

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1. See above, p. 464.



developing trade in the first two years. In 1930, for example, its total trade was \$61,000,<sup>1</sup> and in 1931 its situation was so serious it would not submit its statistics to the Union.<sup>2</sup> By 1932, the society was in such a difficult position that it was forced to suspend operations.

The problems in the Alberta C.W.S. were not caused primarily by a lack of strong consumer societies. Alberta had a number of healthy institutions, most of whom had less difficulty in the Depression than their Saskatchewan counterparts. Bentley, Wetaskiwin, Edgerton, and Killam were all stable institutions located relatively close together and conveniently served by the wholesale. The key to the wholesale's development, however, was the potential market of the U.F.A. The most profitable items were twine and petroleum products for farmers' groups, and the Alberta wholesale, like its counterparts in Manitoba and Saskatchewan, hoped to use the sale of these products to finance the sale of less profitable consumer items.

Unfortunately, though they encouraged the creation of the wholesale, the U.F.A. leaders made no effort to help it once it was organized. They did not stop some U.F.A. locals from organizing their own oil pool thereby allowing the wholesale to lose its single most lucrative line.<sup>3</sup> Similarly,

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1. C.C., December, 1931, p. 13.

2. See correspondence between Keen and J.A. Strathan, C.U.C., vol. 155, 1932 AD: file "Alta. C.W.S."

3. Keen to A.P. Moan, April 12, 1930 and Moan to Keen, May 15, 1930, C.U.C., vol. 152, 1930 AH: file "Alta. C.W.S."

the U.F.A. refused to help the wholesale sell other commodities to its clubs, and it would not invest any funds in the organization; it would not even encourage the modest step of having the Alberta Wheat Pool affiliate with the C.U.C. This continuing antagonistic attitude by the U.F.A. executives was the direct opposite of that taken by agrarian leaders in Manitoba and Saskatchewan who had supported the wholesales with some enthusiasm.

The last attempt to enlist the aid of the U.F.A. took place between 1931 and early 1932. William Irvine, aided by the leaders of the Killam and Edgerton co-operatives, sought to have the U.F.A. amalgamate its purchasing activities with the wholesale. He believed that the only way farmers could amass much power during the Depression was through the organization of their purchasing power: obviously, the chaotic wheat market did not permit them to exercise any real influence except over their own provincial governments, so perhaps purchasing power would give them the type of influence they needed. Irvine further suggested that an amalgamation would permit the re-emergence of a rather equitable barter system whereby the farmers, through an all-embracing co-operative organization, could readily exchange their produce for supplies. He envisioned, in short, the emergence of a Co-operative Commonwealth, self-sustained and virtually

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1. C.C., March, 1931, pp. 13-24.

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autonomous.

Irvine's approach was defeated by the combined efforts of Norman Priestly and George Johnson, a U.F.A. member of the provincial legislature. These men argued that the increasing competition of the oil companies and the major retail outlets made it imperative for the farmers to enter some parts of the distributive business quickly. In their view, the wholesale could not meet these immediate needs because of its business problems and because of its tendency to emphasize local development.<sup>2</sup> Priestly, who became a prominent C.C.F. leader, believed in the necessity of much more rapid change than did the advocates of consumer co-operation. For him, consumer societies were of only marginal utility in an economy increasingly dominated by large businesses.<sup>3</sup> His arguments, plus the fact that supplying the farmers' needs was an ideal way for the U.F.A. to prove its value, convinced U.F.A. members, and the organization turned away from the wholesale.

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1. Irvine's suggestion was similar to those being put forward by some western separatists at the same time. In early 1931 farmers in Wilkie, Saskatchewan started a movement for the creation of a prairie co-operative commonwealth within the British empire but independent of Canada. A similar movement started in Lloydminster with the encouragement of the president of the Lloydminster co-operative. Neither movement had much success. See letters between G.N. Tricoche and George Keen, February 1931, C.U.C., vol. 57, 1931 SZ: file "T".

2. See G.A. Gaudin to W. Halsall, January 27, 1932 (copy) and W. Halsall to G. Keen, August 16, 1932, C.U.C., vol. 156, 1932 ED: file "Killam".

3. T. Swindlehurst to Keen, April 5, 1932, ibid., file "Edgerton".

## vi

The closing of the Alberta wholesale was the Union's only serious casualty on the Prairies between 1929 and 1932. Indeed, in retrospect, the movement had progressed relatively well despite the economic situation. All of the larger societies had weathered the storms satisfactorily, adjusting to the reduced incomes with relative ease. The move toward integration had made marked progress in Saskatchewan and some progress in Manitoba. Even in Alberta the societies were strong, and the desire to unify the provincial movement still flourished. Indeed, the movement on the Prairies in the early thirties displayed the resiliency it had so lamentably lacked in previous periods of economic difficulty. This resiliency, coupled with a growing determination to avoid future depressions, would create new strength later in the decade.

The strength of the western societies was also reflected in their demand for better services from the Union. Unlike the weaker societies in earlier depressions, they were determined to survive, and they insisted that the Union provide useful advice. As a result, the C.U.C. executives became more businesslike in their approach. During the early thirties the Union began to provide a number of statistical services for the members. Each month George Keen compiled a statistical profile of the financial position of all societies willing to send in monthly statements. The summary

was quite complete and was intended to be a measuring stick whereby directors and managers could evaluate their work. It showed: purchases for the month; sales for the month; comparison with the same month of preceding year; approximate gross profit; the ratio of the wages to sales; the ratio of delivery expenses to sales; and the ratio of other expenses to sales. After listing these statistics, Keen ranked the societies according to a number of criteria: gross profit on a percentage of sales basis; wage expenses, delivery, and other expenses, each tabulated independently as a percentage of total sales; net losses or gains on sales; and average sales per employee. This service was useful to the participating societies, but it inflicted a considerable amount of work upon the Union's slender resources.<sup>1</sup>

This statistical summary helps to explain why the Union affiliates had a relatively low mortality rate during the Great Depression. In 1935 the affiliated consumer societies, excluding those that had recently joined, numbered thirty-five in comparison to thirty-one in 1929. More importantly, of the thirty-one members in 1929, twenty-seven were still affiliated in 1935. For this relatively low casualty rate in the midst of the Depression, the Union's services warrant some credit.

Another service to the member societies begun by the

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1. For copies of these statistical summaries, see C.U.C., vol. 217, Monthly Bulletins, 1931-1946.

Union in 1930 was the publication of The Canadian Co-operative Official. It was intended to be a forum wherein directors, managers, and employees could exchange information. Devoted to practical matters, it considered such problems as credit, employee security, departmentalization of larger stores, and the training of co-operative employees. At first, a few leaders in some societies contributed to The Official, but interest never developed satisfactorily. Ultimately, George Keen wrote most of the articles for the circular, thereby adding considerably to his already extensive work routine. Indeed, by 1935, and aside from his normal advisory duties, Keen was regularly preparing: The Canadian Co-operator, a sixteen-page journal consisting mostly of his articles; a monthly bulletin made up of some relatively complicated statistical tables; a monthly newsletter for co-operative businessmen; and an annual report, statistical and literary, for the entire movement.

Most of these services were developed because of the increasing complexity of the Prairie movement. The Prairie co-operators demanded much more service than their colleagues elsewhere. At the 1932 Regina Congress, the western leaders made it compulsory for every society to send in its monthly statistics regularly or risk expulsion.<sup>1</sup> The western movement, probably because of the influence of producers'

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1. C.C., August, 1932, pp. 26-27.

co-operation, was much more anxious to have effective leadership with some restraining power over local aberrations.

Among the other changes in the Union that took place in the thirties because of western developments was a decline in its formerly very strong British orientation. When the C.U.C. first became a force on the Prairies during the mid-twenties, it had relied upon such ex-patriate Englishmen as W. Waldron, W. Halsall, Cecil Rice-Jones, H.W. Ketcheson, and C.G. Davidson. Indeed, Keen's closest personal acquaintances on the Prairies were Englishmen schooled in the same traditions as he was. By the early thirties, however, these Englishmen were losing their position of authority because of age, illness, or the emergence of new, locally-trained leaders. Ketcheson resigned as manager of the Saskatchewan wholesale in 1931 because of pressures from his board. Waldron departed in 1932 to become a part-time Saskatchewan representative in Great Britain, and Halsall's influence declined in about the same year because of ill health. With them went much of the unreserved admiration for British co-operation by some parts of the western movement.

At the same time, economic developments on the Prairies dictated a lessening of the British orientation. Despite the efforts of the Union and other organizations, British co-operators had considerable difficulty in accepting the pools as legitimate co-operatives. The pools did not help

matters by joining the I.C.A. and then waiting before joining the national Union,<sup>1</sup> and they further antagonized the British during the 1932 imperial trade discussions. British co-operators severely criticized the 1932 meetings for being primarily concerned with improving the position of the producers at the expense of the consumers.<sup>2</sup> They particularly attacked the pools for being anxious to involve themselves in this approach as long as they had a share of the largesse being distributed. These factors, plus the closing of the pools' overseas offices in 1931 and 1932, meant that British co-operators once again distrusted western farmers.

Another reason for the decline of British influence was the continuing failure of efforts to associate the Canadian consumer movement with the British wholesales. Ever since the earliest days of the organized Canadian movement, Keen had tried to stimulate business for the British wholesales, but, with the exception of encouraging the sale of some products such as tea to a few societies such as the British Canadian, he had not been successful. When the movement surged ahead in the West, however, he and others saw an opportunity to encourage patronage for the British wholesales. At every Congress, from the 1926 Edmonton edition to the 1939 meeting in Regina, a special appeal was made to the western

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1. See exchange between Keen and T.W. Mercer, January, 1932, C.U.C., vol. 61, 1932 HM: file "M".

2. C.C., September, 1932, pp. 12-13.



societies to buy British co-operative products. Until the early thirties these appeals had some success, as western leaders saw some justice in buying from the British wholesales, companies whose purchases of Canadian grain normally equalled one-tenth of all Canadian goods sold to Britain.

On the other side, the British wholesales tried to cultivate a Canadian market for their products. Usually, representatives of both companies toured the wheat producing regions each summer and they arranged their trips so as to be able to attend the C.U.C. Congress. At the Congresses, where they were well received, they stressed their companies' desire to serve and eulogized the products they had available.<sup>1</sup>

In 1928 and 1930 Keen and W. Waldron tried to convince the British organizations of the value of having permanent salesmen in the country. Waldron was especially anxious for such an appointment because he saw in it a way to make British co-operative principles better known on the Prairies.<sup>2</sup> His activities did not have the desired effect, but they did help to make the wholesale aware of the potential in the Canadian market. As a result, in 1930 both the (English) Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society became members of the C.U.C., each donating

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1. For example see report of the 1930 Toronto Congress in C.C., August, 1930.

2. W. Waldron to H.J. May, January 14, 1929 (copy), C.U.C., vol. 48, 1929 C: file "Co-operation and Markets Branch Sask. D/A".

one hundred dollars annually.

But not enough distributive organizations bought large enough quantities from the British wholesales to make close co-operation possible. The co-operative businessman who tried the hardest to buy British co-operative goods was W.H. Ketcheson, manager of the Saskatchewan wholesale from 1929 to 1931. Ketcheson was especially anxious to buy because he believed such purchases would greatly stimulate British co-operators to buy Canadian wheat. Unfortunately, he could not convince managers of local co-operatives, men who were more familiar with North American manufactured goods. Moreover, the managers of the western societies, not to mention their customers, found some British products unsuitable, especially trousers and underwear which were usually too thin for the Prairies' winter winds.

This unsuccessful attempt at stimulating trade between the British wholesale and the Canadian movement did not mean, however, that C.U.C. executives lost any of their deep admiration for the British movement. It was still the most complete co-operative movement in their eyes, and for them, the standard by which the Canadian movement should be judged. But the failure of the attempt at reciprocal trade meant that ultimately there would be little mingling between the two national movements. It also meant that the British wholesales, in looking for wheat supplies, would not

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1. J.F.C. Wright, Prairie Progress, pp. 69-70 and W. Halsall to Keen, March 23, 1935, C.U.C., vol. 161, 1934 AD: file "Alta. C.W.S."

necessarily select the marketing co-operatives of Western Canada. In the upper levels of the co-operative enterprise of that time the same rules about "back scratching" applied as in private business.

## vii

The Maritimes and British Columbian movements developed less during 1929 and 1932 than did their Prairie counterpart. The Union's main task--promoting unity--was made very difficult on the coasts because of distance, the complexity of local rivalries, the varieties of co-operation involved, and the varying attitudes of the provincial governments. More so than on the Prairies or in Central Canada, the Union found it difficult to be useful to co-operators in the coastal provinces. George Keen made few trips to the Maritimes and even fewer to British Columbia, meaning that the Union had to rely for its information upon the few co-operators in each region who were imbued with the C.U.C. approach. Faced with these problems, the Union could become a significant force only rarely in the co-operative movements of coastal Canada.

In the Maritimes, the three powerful aspects of the movement--the consumer societies of the mining region, the Antigonish movement, and the rapidly growing agrarian societies--continued to have varying relations with the Union. Keen maintained his close association with the consumer

societies of Cape Breton, and he was particularly proud of the accomplishments of the British Canadian society. He played a somewhat less important role in the Antigonish movement than he had done during the mid-twenties because that movement's dynamic leaders had soon progressed beyond the point where Keen could help them. Similarly, he continued to remain aloof from the agrarian movement until the mid-thirties, and it relied upon the provincial governments for advice and assistance. Thus, as in the other Canadian regions, the Union's main connection was with a few distributive societies, a connection which it sought to expand into the development of a fully-integrated movement.

In the coal mining regions the dominant society was still the British Canadian Co-operative in Sydney Mines. In 1929 its annual sales totaled over \$1,750,000, far more than the \$70,000 sold annually by the Sydney affiliate.<sup>1</sup> The 1929 totals of the British Canadian meant that in the twenty-three years of its existence it had sold over \$17,000,000 worth of goods, paid over \$150,000 interest on capital, and distributed over \$1,750,000 in patronage dividends.<sup>2</sup>

While continuing this economic development, the British Canadian did not decline in its enthusiasm for community projects. Its educational committee maintained the tradition of sponsoring entertainment, promoting study clubs, and

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1. C.C., July, 1939, pp. 10-11.

2. C.C., January, 1939, p. 13.

helping trade union activities. A typical combined educational and entertaining meeting was held in December, 1930, at Sydney Mines. Mayor Dwyers of Sydney Mines gave an address on "Modern Machinery Applied to Present-Day Conditions", and he was followed by a musical program rendered by the Co-operative Orchestra and the Co-operative Choir. The evening was closed by members of the Women's Guild who served "delicious refreshments, including tea directly from the plantations of the English and Scottish Co-operative Wholesale Societies...."<sup>1</sup>

The British Canadian Society was a staunch supporter of closer ties with the British movement. During 1931 the British Canadian purchased nearly fifteen thousand dollars worth of goods from the British wholesales, over seven thousand dollars of it being devoted to the purchase of tea.<sup>2</sup> At the 1930 Toronto Congress, W.C. Stewart, the manager of the British Canadian, implored the delegates to buy more from the British organizations, arguing that close connections would bring important economic and ideological benefits to Canada.<sup>3</sup> This advocacy of close collaboration between the two national movements--an advocacy backed up by concrete actions--was particularly appreciated by Keen who had long

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1. C.C., January, 1931, p. 13.

2. C.C., December, 1931, p. 12.

3. C.C., August, 1930, pp. 11-20. The British Canadian joined the Scottish Wholesale in 1930 because of their close business connections. See C.C., January, 1931, p. 14.

taken the same point of view.

The British Canadian, in common with most Canadian co-operatives, was adversely affected by the Great Depression. Each year from 1930 to 1933 inclusive, its gross sales declined in excess of \$200,000; by the latter year its gross sales had dropped to \$910,000.<sup>1</sup> These declines, however, did not undermine the society to any serious extent. In fact, the society's continuing ability to pay a dividend of between eight and ten percent despite the Depression was seen as proof of its sound management and financial stability. Quarterly and annual meetings, held at all five branches of the society, continued to be well attended and were characterized by serious, relatively unemotional discussion. Indeed, at some of the meetings so much genuine interest was demonstrated that the society's executives had difficulty in leaving at a reasonable hour.<sup>2</sup> In the final analysis, the Depression was an asset to the Maritimes movement because it stimulated a wide-spread interest in the movement's possibilities.

The increasing interest in co-operatism was also evident in the rapidly growing Antigonish movement. For the activists at St. Francis Xavier the misery caused by the Depression was final proof that the existing social and economic system was bankrupt. J.J. Tompkins and M.M. Coady both

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1. C.C., September, 1934, pp. 8-10.

2. C.C., April, 1932, pp. 9-10.

believed that the crisis would deepen and allow the rise of radicalism unless the Church and moderate reformers moved rapidly to demonstrate how the traditional values of western civilization were still relevant. In 1930, after more than a decade of spasmodic interest, the leaders at St. Francis Xavier formally organized an Extension Department. The Department, somewhat different from extension departments today, had as its primary aims the study of economic problems and the encouragement of economic activities. This approach had grown out of successful co-operative efforts, begun in 1927, by Coady among farmers and Tompkins among fishermen.<sup>1</sup>

Coady became the director of the Extension Department and A.B. MacDonald, later George Keen's successor as C.U.C. secretary, became his associate director. With the help of numerous parish priests in Eastern Nova Scotia, these two men expanded their movement very quickly. During the winter of 1930-31 Coady and MacDonald spoke to 192 general meetings containing an estimated 14,800 people; in the following winter, they spoke at 280 meetings made up of over 20,000 people, and they organized 179 study clubs.<sup>2</sup> To help the study clubs, the Extension Department prepared a number of

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1. M.M. Coady, Masters of their own Destiny, pp. 11-13.

2. C.P. McDonald, "The Co-operative Movement in Nova Scotia", M.A., McGill, 1938, p. 47.

pamphlets, published the Extension Bulletin, organized a debating league, and opened eleven libraries.

George Keen played a minor role in these developments. During October, 1930, shortly after the Extension Department had been organized, he visited Nova Scotia and aided in one of the early meetings involving the Department, the clergy of Antigonish diocese, and several farm leaders. The meeting, held in Sydney on October 7 and 8, devoted most of its attention to the development of producer societies among fishermen and farmers and did not place much emphasis upon consumer co-operation. Coady, who had recently organized the fishermen of Eastern Nova Scotia, dominated the discussions, pointing out the necessity for spontaneous group action carefully nurtured by self-effacing idealists.<sup>2</sup> Keen, who participated in the meeting as both a panelist and a speaker, came away impressed by the co-operative idealism of the conference and by the practical decisions made after the discussion was over.<sup>3</sup>

The lack of emphasis on consumer co-operation and the non-participation of the Cape Breton societies in the 1930 meeting reflected a continuing split within the Nova Scotia movement. As early as 1927, when Tompkins and Coady were

1. C.P. McDonald, "The Co-operative Movement in Nova Scotia", M.A., McGill, 1938, pp. 47-50. See also A.F. Laidlaw, The Campus and the Community, pp. 67-86.

2. See C.C., January, 1930, p. 10 and C.C., November, 1930, pp. 10-11.

3. Keen to A.F. Brockland, October 14, 1930, C.U.C., vol. 51, 1930 AC: file "C".



beginning their work in various communities of Eastern Nova Scotia, relations between the two movements had been strained. Writing about the British Canadian society in that year, Tompkins berated its management for being "like clams" and for failing "to spread their ideas around the country."<sup>1</sup> In early 1928 he tried to unite farmers and fishermen within a single movement, only to be rebuffed by the consumer societies. He believed the cause for the rebuff was religion and wrote:

I have little use for that Co-operative bunch at Sydney Mines. I am afraid I have to believe that they are a crowd of Bigots. That is what all Catholics say down there and the facts look like it. I have often tried to draw them out to help us along but there is always something in the way. They look like they were using you to give them character in the eyes of Catholics and I think it has injured you down here. Catholics have no representation in the high places although they buy much of the goods. I believe when they get along a bit further that Catholics will split off from the association and start something for themselves. That will not be co-operation. We are unfortunate in getting a lot of British bigots in this part of the country.<sup>2</sup>

Although Keen sought to heal the differences between the two movements--even having the British Canadian directors<sup>3</sup> meet to discuss supposed discrimination in hiring practices--he never completely convinced Tompkins. Tompkins resented the preoccupation of the British Canadian society with its

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1. J.J. Tompkins to Keen, November 25, 1927, C.U.C., vol. 47, 1928 QZ: file "T".

2. J.J. Tompkins to Keen (received March 12, 1928), C.U.C. vol. 47, 1928 QZ: file "T".

3. Keen to J.J. Tompkins, April 24, 1928, ibid.

own problems and criticized it continuously for not embarking upon more extensive campaigns among farmers and fishermen. Keen, in contrast, was too loyal to the Cape Breton society to believe it capable of religious prejudice,<sup>1</sup> and throughout the controversy, which lasted until at least 1937,<sup>2</sup> he suggested that the Antigonish leaders were actually the ones most conscious of religious differences. He believed that religion had been unimportant in the British Canadian and that, in any event, co-operators should avoid religious disputes at all costs.<sup>3</sup>

The argument over religion was only one reason for the division between the consumer societies of Cape Breton and the Antigonish movement. A more fundamental one was the fact that the former tended to take the narrow, traditional, British approach to the movement. They were preoccupied with consumer affairs and particularly with the needs of labouring men and their families. They had little interest in fishing and agricultural co-operatives and only a belated interest in co-operative banking. In contrast, the leaders of the Antigonish movement always had a strong connection with farmers and fishermen, and they were most concerned about the plight of the fishing villages and rural areas of

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1. Keen to J.J. Tompkins, May 30, 1928, C.U.C., vol. 47, 1928 QZ: file "T".

2. See exchange between Keen and K. Philp, June, 1937, C.U.C., vol. 85, 1937 NT: file "P".

3. Keen to J.J. Tompkins, May 30, 1928, C.U.C., vol. 47, 1928 QZ: file "T".

Eastern Nova Scotia. They saw producer co-operation as the quickest way to bring about social and economic improvement because the greatest injustices, in their view, took place when the primary producer sold his goods. Consumer co-operation was never ignored by the Antigonish movement, but, in the early thirties, its emphasis was on the traditional North American preoccupation with producer co-operatives.

The importance of this difference in approach was that it left the Union--as in other Canadian regions--primarily associated with the relatively stagnant consumer movement. Thus, though he was always welcome at Antigonish and though he frequently participated in the annual co-operative school sponsored by St. Francis Xavier, he never became an important force in determining the Antigonish approach.

Indeed, as a simple catalogue of their accomplishments would indicate, the men at Antigonish assumed nearly all the tasks that the Union might have undertaken. Through the efforts of Coady and Tompkins--and in accordance with the recommendations of the 1927 Royal Commission on Fisheries they had in part prompted--the United Maritime Fishermen's Association was organized during the late twenties and early thirties.<sup>1</sup> In 1929 and 1930 the Antigonish leadership turned to offer aid to the farmers of Eastern Nova Scotia, men who did not have effective ways of reaching urban markets, who

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1. The Association was formally organized in June, 1930. C.P. McDonald, "The Co-operative Movement in Nova Scotia", p. 97.

lacked effective grading methods, and who could not refrigerate produce so as to compete with other producers throughout the year. In 1931 Coady and Tompkins sparked the formation of the Cape Breton Island Producers' Co-operative which provided the local organization, the grading services, the transportation networks, and the storage facilities needed to make the farmers competitive. The C.B.I.P.C. did not last beyond the mid-thirties, but it did demonstrate the possibilities of producer co-operation, and it helped to pave the way for the developments of the mid- and late thirties;<sup>1</sup> it was also the most serious attempt to integrate co-operative developments in the Maritimes.

Independent of the Antigonish movement and the consumer societies, the farmers of the Annapolis Valley, New Brunswick, and Prince Edward Island had developed or were developing their own co-operative institutions. As mentioned, fruit growers in the Valley had organized the United Fruit Companies, a vaguely co-operative organization consisting of locals serving the needs of various types of fruit growers.<sup>2</sup> In Prince Edward Island, with the aid of the federal Department of Agriculture, the poultry industry had been organized.

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1. The Association was formally organized in June, 1930. C.P. McDonald, "The Co-operative Movement in Nova Scotia", pp. 105-112.

2. During the thirties, C.A. Good, a relative of W.C. Good, served as secretary of the Nova Scotia Fruit Growers Association, one of the bodies affiliated with the United Fruit Companies. See G.P., vol. ix, "Correspondence 1933".

Similarly, the sheep breeders and dairy herders throughout the Maritimes had organized through co-operative action to protect their parts of the market.<sup>1</sup>

The Antigonish movement was partly involved in these agricultural developments. It helped to organize numerous study clubs to promote advanced agricultural methods, and it promoted the purchase of supplies in bulk among farming groups. In 1930 it called a special meeting at Port Hawkesbury to consider ways in which the farmers might buy fertilizer in large quantities at low prices. At the meeting, a continuing committee, the Central Purchasing Committee with A.B. MacDonald as secretary, was appointed to carry out wholesaling activities. It also participated, though far less decisively, in the development of the Maritime Livestock Board, created in 1927, and in its amalgamation with five other provincial livestock marketing co-operatives to form the Canadian Livestock Co-operatives in 1929.<sup>2</sup>

But the Antigonish movement, despite its interest and its work among farmers from 1927 to 1935, never wielded much power in the agricultural co-operatives. As in the other regions of Canada, the agrarian organizations of the Maritimes generally went in their own direction, and co-operatives,

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1. C.R. Fay, "Problems of the Maritime Provinces", Dalhousie Review. vol. iv, 1924-25, p. 444ff.

2. C.P. McDonald, "The Co-operative Movement in Nova Scotia", pp. 112-120. For details about these organizations, see the Canadian Annual Review, 1927-28, pp. 435-438 and p. 448.

once established among farmers in Eastern Nova Scotia, tended to become exclusively interested in marketing problems. Thus, from 1932 onward, the Antigonish movement became more concerned with urban co-operation generally and with distributive societies particularly. This change in emphasis also stemmed from the increasingly adverse conditions in the towns and cities, from a fear of the continuously growing sentiment among miners in favour of radicalism, and from a deepened recognition of the values of consumer societies.<sup>1</sup>

As a part of its urban program that developed in the early thirties, the Antigonish movement worked hard for an extensive credit union movement. Although impressed with the Caisse Populaire movement in Quebec, the leaders in Nova Scotia were primarily influenced by American examples. Under the leadership of A.E. Filene and Roy Bergengren of the Credit Union National Extension Bureau, the credit union movement had grown rapidly in the United States during the late twenties, and in the early thirties Bergengren was very busy preparing adequate legislation for credit unions in numerous states. Advised by Keen that Bergengren was undertaking the preparations of these bills, Coady and Tompkins requested the American expert to prepare legislation for presentation to the government of Nova Scotia. He did so, and his legislation was passed by the Legislative

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1. A.F. Laidlaw, The Campus and the Community, p. 77 and M.M. Coady, Masters of Their Own Destiny, p. 69ff.

Assembly in April, 1932.<sup>1</sup>

The Nova Scotian act was the third of its kind to be passed in Canada. The other two acts had been passed in Ontario and Quebec, the former virtually unused until the late thirties and the latter widely used since the days of Alphonse Desjardins. The Nova Scotian act was the most progressive in the Dominion. It permitted any seven citizens living in a well-defined neighbourhood or bound together by occupation or institution to organize and operate a credit union. It established a system of committees to supervise loans so as to reduce risk as much as possible, and it permitted unions to undertake an extensive range of activities<sup>2</sup> nearly equivalent to those entered into by ordinary banks. With such comprehensive legislation and with the personal assistance of Bergengren, four credit unions were speedily established in Nova Scotia. The unions, opened at Broad Cove, Inverness, Reserve Mines, and Sydney, were of differing varieties, the first three being community unions open to all and the fourth being an industrial organization of gas, electric, and street car workers. These unions grew quickly and marked the beginning of a new aspect to the Antigonish program.<sup>3</sup>

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1. C.C., November, 1932, p. 10.
  2. C.C., November, 1932, pp. 10-11.
  3. C.C., January, 1933, pp. 9-8.

## viii

The same pattern of encouraging growth amid discouraging divisions can be discerned in the British Columbia movement between 1929 and 1932. The Union emerged out of the 1920's with five B.C. affiliates: Sointula, Natal, Revelstoke, Armstrong, and a new society, Crawford Bay. The societies retailed consistently about \$300,000 between them, but because of the geographic, ethnic, and occupational differences, could not co-operate in the formation of a unified provincial movement. In 1929 a meeting of various agricultural, urban, and fishing co-operatives investigated the possibility of forming a wholesale as part of a B.C. Co-operative Conference, but it came to the decision that the provincial movement was too immature for such expansion.<sup>1</sup>

The foremost advocate of an integrated British Columbian movement was Robert Wood, the Union's vice-president in British Columbia and a director of the Armstrong society. In 1929, Wood attempted to co-operate with the few members of the United Farmers of Canada (B.C.)--basically serving members in the Fraser Valley but with offices in Vancouver--to form larger educational and economic co-operative organizations. He found the organization too weak to provide much economic power and too divided to supply effective leadership.<sup>2</sup>

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1. C.C., January, 1930, p. 8.

2. R. Wood to Keen, April 2, 1929 and April 15, 1929, C.U.C., vol. 150, 1929 AL: file "Armstrong". Wood participated with the U.F.C. (B.C.) in the formation of a Provincial



Similarly, he attempted to organize wider institutions in conjunction with the Fraser Valley Milk Producers, only to find them too producer-oriented to be interested in the total co-operative movement.<sup>1</sup> These failures proved that provincial integration would have to await the development of co-operatives in Vancouver and in the larger towns, a development which did not begin until the mid-thirties.

In the early thirties the most important new co-operatives, from the Union's viewpoint, were created to serve the fishermen along the coast and on Vancouver Island. Finnish fishermen in Sointula--the same men who had developed the Sointula store--developed the first fishing co-operative in 1929 as a means of escaping from complete reliance upon the canning companies.<sup>2</sup> This organization, called the B.C. Fishermen's Co-operative, had considerable success until internal bickering, adverse conditions, and errors in judgment forced it to close in 1932. Before it closed, however, it demonstrated to British Columbian fishermen the possibilities of co-operative action and the need for careful organization.

One of the communities affected by the B.C. Fishermen's Co-op was Prince Rupert, centre of the Northern British Columbia Salmon Fishermen's Association. The former

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Council of Co-operatives in B.C. and a wholesale. The former soon became moribund and the latter exclusively concerned with a few agrarian societies not affiliated with the C.U.C.

1. Wood to Keen, August 17, 1929, C.U.C., vol. 150, 1929 AL: file "Armstrong".

2. For a detailed summary of the fisherman's producer co-op, see A.V. Hill, Tides of Change, pp. 9-32.

organization had sent representatives to the latter during the late twenties, but, because of distance, close co-operation was not found to be possible. The idea remained, however, and, in January, 1931, the Prince Rupert Fishermen's Co-operative started operation. On the suggestion of the Sointula co-operators--whose store ironically withdrew from the Union shortly thereafter--the Prince Rupert fishermen sought the advice of the Co-operative Union. Keen directed the Prince Rupert fishermen to the proper government officials and to the co-operative leadership of the affiliated B.C. societies. More importantly, he gave them a clear exposition of the Rochdale principles and an outline of the work conducted among fishermen by the Antigonish movement. The Prince Rupert co-operators were grateful for these services, and they passed a special vote of thanks to him at the 1930 meeting of the Northern B.C. Salmon Fishermen's Association.<sup>1</sup>

Thus, though the British Columbian movement made some progress during the early thirties, from the Union's viewpoint it remained a weak movement. The differences between co-operators in the province were probably of greater intensity than anywhere else in that the three groups had virtually nothing to do with each other. Bridging those gaps would require considerable effort during the remainder of the decade.

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1. C.C., December, 1930, p. 12.

## ix

So wide-spread was the interest in the co-operative movement between 1930 and 1932 that the Union recovered somewhat in Southern Ontario. The promising signs evident at the 1930 Congress were not totally misleading and the Union made some progress. The Toronto and District Wholesale, as Keen had anticipated when he had met its representatives at the Congress, did not prove to be successful. It opened two stores in 1930 before it had adequate capital for one, and, by 1931, the organization was in difficulty; it closed in 1932.

The Toronto and District was not a total failure, however, and some women who had been active in it maintained their interest through the institution of a women's guild. The guild met regularly, studied co-operative theory, and canvassed for new members. It also undertook to buy consumer goods in quantity, Keen providing the contacts with a farmers' society in Dundalk, and Drummond Wren of the Workers' Educational Association often providing transportation facilities for the goods. The guild did quite well and declared a ten percent patronage dividend within a few months of commencing independent operation. In May, 1932, it decided to organize as a society, though not as a store, under the name "The Toronto Rochdale Co-operative Society",<sup>1</sup> and, once organized, immediately applied for affiliation.

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1. C.C., May, 1932, p. 14.

At about the same time, three other co-operative institutions--manifestations of labour unrest and consumer dissatisfaction--appeared in the Toronto area. In the east end of the city, early in 1932, a group of co-operative enthusiasts began to meet to discuss the movement and to undertake a buying club similar to the one organized by the Toronto Rochdale Society.<sup>1</sup> Keen advised them from the beginning, though his advice was ignored when the organizers leased some premises rather prematurely. Calling themselves the United Co-operative Society of Ontario, the organizers used these premises as a centre for a buying circle and did not immediately start the operation of a store. In fact, like Toronto Rochdale, it did not even incorporate, thereby avoiding the payment of corporation taxes.<sup>2</sup>

The other Toronto institution, Community Co-operative Dairy, began operation in 1932. This society was the result of a speech Keen made in Newmarket in October, 1931, in which he pointed out that there was an excessive margin between what a producer received and a consumer paid for milk. He demonstrated that co-operative dairies had greatly lessened this spread in such centres as Waukegan, Illinois, and Sydney Mines, Nova Scotia, stressing in particular the latter which was operated by the British Canadian Co-operative.

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1. C.C., February, 1932, p. 8.

2. C.U.C., vol. 157, 1932 PY: file "United Co-op. Soc. of Ont."

W.C. Good stressed the same theme at a later meeting in Toronto, and it was repeated by some Union supporters at still another general community meeting in January, 1932. The result was the striking of two committees to carry out the necessary work for organization and incorporation.<sup>1</sup> In contrast to the other two Toronto organizations, which consisted mostly of housewives and labourers, the dairy was promoted by lawyers, a former executive of a private dairy, the secretary of the Toronto District Labor Council, a manufacturer,<sup>2</sup> and an author-lecturer.

The fourth Toronto group was "The Canadian Fund for the Establishment of Integrally Co-operative Associations of Producers (Robert Owen Foundation)". This organization developed because of the work of Henri Lassere, an internationally-known Swiss co-operator teaching at Victoria College, and from the efforts of such other academics as J.G. Perold, E.J. Urwick, E.A. Havelock, and G. Jackson. Its original purpose was the encouragement of producers' co-operative enterprises organized so as to help restore industrial harmony between employers and employees. Following a pattern established by a similarly-motivated American organization, the Columbia Consumer Company of Indianapolis, the Foundation established a trustee fund to encourage

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1. C.C., February, 1932, p. 11.

2. Ibid., May, 1932, p. 14.

specific projects.<sup>1</sup>

The C.U.C. encouraged the formation of the Robert Owen Foundation, as it was commonly known, by offering it advice and allowing Keen to become a director of it in the early thirties.<sup>2</sup> Keen made frequent trips to Toronto when the Foundation was being organized in an effort to prevent disaster resulting from an overly optimistic attitude among the Foundation's supporters.<sup>3</sup> From the very beginning, Keen feared that the rather unpractical bent of its leaders would create difficulties,<sup>4</sup> and, in time, his judgment was vindicated.

Nevertheless, by early 1932, it appeared as if a promising co-operative movement was underway in Ontario's largest city. All four groups were enthusiastic and all were willing to listen to the Union's advice. They also showed a willingness to work together: on June 30, 1932, representatives from the three societies and from the Foundation met to celebrate "International Co-operative Day". Spencer Clark of the Foundation addressed the meeting and spoke

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1. Henri Lassere to Keen, December 30, 1930, C.U.C., vol. 56, 1931 JR: file "L". The Columbia Conserve Company was owned by the workers who set standards, appointed foremen, and divided profits. It was rather successful, and some of its policies were imitated by C.N.R., Bell Telephone, and Proctor and Gamble. See Circular Letter from Spencer Clark, June 2, 1931, C.C., May, 1932, p. 14.

2. Keen to H. Lassere, March 26, 1931, ibid.

3. Keen to H. Lassere, February 25, 1936, C.U.C., vol. 79, 1936 MS: file "R".

4. Keen to D. Wren, February 9, 1933, C.U.C., vol. 66, 1933 SZ: file "W".

about a recent trip he had made to study European co-operation, and this engendered considerable enthusiasm among the delegates.<sup>1</sup> It appeared as if the dreary days of repeated failure in eastern cities were coming to an end.

Similarly, some progress could be discerned in the rural areas of Ontario during the early thirties. Among the rural societies in Northern Ontario, Waldhof and Charlton at first prospered despite the Depression. Waldhof and its branch in Eagle River consistently retailed between \$45,000 and \$60,000 each year, a remarkable accomplishment since ninety percent of the local labour force was on relief in late 1932 and early 1933.<sup>2</sup> Charlton, the other northern society, at first was not affected, but ultimately it shared a similar fate to that of Port Rowan, one of the few affiliated southern rural societies: both encountered acute financial difficulties in 1932, withdrew in 1933, and closed their doors in 1934.<sup>3</sup>

The loss of these societies was more than offset by the addition of other rural societies between 1929 and 1932. The first society to be affiliated in this group was the Ontario Onion Growers Co-operative, established in Chatham

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1. C.C., September, 1932, p. 15.

2. Keen to P.J. Schoonenberg, February 13, 1933, C.U.C., vol. 160, 1933 PY: file "Waldhof".

3. See C.U.C., vol. 157, 1932 PY: file "Port Rowan" and vol. 159, 1933 ED: file "Northern Farmers".

to serve the needs of farmers in Essex and Kent Counties. It operated on a similar basis to the western wheat pools in that it sought to control prices by regulating the rate at which onions were released on the market. It had its best year in 1928 when it sold over \$420,000 worth of onions and purchased \$12,000 worth of supplies.<sup>1</sup> In the years following 1928 it declined, but until the mid-thirties it was seen as an auspicious addition--supposedly the first of many Ontario producer organizations. It was also a very active affiliate during its membership, becoming known throughout the movement as the proponent of "National Onion Week", a yearly event usually held during the last week of January.

Another society which joined the Union in the early Depression years was located at Dundalk in Grey County, northwest of Toronto. Agnes Macphail, Grey County's member of Parliament, the provincial member for the area, the local representative of the Dominion Department of Agriculture, and an official of the United Farmers Co-operative promoted this organization.<sup>2</sup> The society, advised from the beginning by the Union, started operation in late 1931 by selling farm produce and purchasing farm supplies.

The emergence of this store is significant because it united the efforts of the C.U.C., the federal Department of

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1. T.H. James to Keen, November 12, 1929, C.U.C., vol. 151, 1929 MW: file "Ontario Onion Growers".

2. C.C., March, 1931, p. 12.



Agriculture, the U.F. Co-op, and some political leaders and because it marked the beginning of an interest in the C.U.C. by Agnes Macphail. Miss Macphail had known W.C. Good for many years, but, until 1931, she had never had much to do with the Union. She was impressed with Keen's work in the organization of the Dundalk society, and in 1932 she became the Union's Ontario vice-president. Although too busy to be a very active member, she did add prestige and she did believe sincerely in co-operative development: in her view "co-operation is the doorway to a new world if we would but enter."<sup>1</sup>

The Dundalk society, called the Farmers' Co-operative Company, proved to be a rather dynamic organization. Prompted by both Miss Macphail and Keen, it amalgamated with nearby co-operatives to form the Ontario Co-operative Wholesale Society serving societies in Durham, Flesherton, Orangeville, and Dundalk.<sup>2</sup> Keen drew up the by-laws for<sup>3</sup> the new organization and negotiated for its incorporation. In doing so, he made certain that the wholesale was easy to join and that it could serve eventually as a wholesale for the entire provincial movement.

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1. Agnes Macphail to Keen, July 4, 1932, C.U.C., vol. 61, 1932 MR: file "Mac and Mc".

2. C.C., November, 1931, pp. 9-10.

3. C.U.C., vol. 156, 1932 EO: file "Ont. C.W.S.".

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2. C.C., November, 1931, pp. 9-10.

3. C.U.C., vol. 156, 1932 EO: file "Ont. C.W.S.".

In 1934, two more agrarian societies, Aurora, fifteen miles north of Toronto, and Oxdrift, in Northern Ontario near Dryden, joined the Union. These two societies brought the number of rural affiliates in Ontario to eight, five of them in the south of the province. The majority of them were stable organizations with assured markets and dependable leadership and all survived until the mid-thirties.

Unfortunately, however, these societies had limited potential, and, to build up its strength in Ontario's agrarian circles, the C.U.C. needed the support of the United Farmers of Ontario as well as that of its sister organization, the United Farmers Co-operative Company. There were some indications in the early thirties that relations were improving between the two movements. W.C. Good had many friends within the United Farmers' executives and with their help, he sparked a renewed effort to place the U.F. Co-op upon true co-operative lines. Morrison's admission at the 1930 Congress that the U.F.O. had not remained true to co-operative principles was another encouraging sign that reform might be possible. A third sign was the self-critical strain developing within the U.F.O. as its membership and influence declined during the late twenties and early thirties. From 60,000 members in 1921 the U.F.O. declined to less than 7,000 in the early Depression years. The result of the decline was that a revolt began to brew among dissatisfied members, many of whom were prepared to

accept the Union viewpoint that the U.F.O. movement failed because it did not follow true co-operation.

As the reforming voices within the U.F.O. began to gain influence, the C.U.C.'s approach became better known throughout its membership. In January, 1931, the U.F.O. sponsored a "Co-operative School" at Woodstock featuring expositions by Agnes Macphail and using George Keen's services as a lecturer and discussion leader.<sup>1</sup> It was an unexpectedly large school in which some four hundred delegates participated, about three hundred more than had been anticipated. Many of the delegates were young farmers who responded vigorously to the idealistic appeal made by Macphail, Keen, J.J. Morrison, and H.H. Hannan, who were generally the leaders of the reforming movement within the U.F.O.

The work undertaken by the social reformers at the January school contributed to a series of developments late in the year. In September, as rural Ontario suffered in the steadily-deepening Depression, an emergency conference, in which over eighty farm leaders participated, was held in Toronto.<sup>2</sup> Called to seek ways to rejuvenate the organized agrarian movement in the province, the meeting's first proposal was a program advocating unemployment relief, heavy income taxation, reduction of interest on farm loans and reduced government costs. More significantly from the

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1. C.C., February, 1931, p. 8.

2. C.C., October, 1931, pp. 13-14.

Union's viewpoint, the meeting also proposed an extensive general program emphasizing co-operation as a cure for the country's ills. This second program advocated the encouragement of all types of co-operation--consumer, banking, and producer--and significantly, stressed that these diverse forms must be integrated into a general pattern of development.

The programs drawn up at the conference became U.F.O. policy at the 1931 annual meeting. To implement them as quickly as possible and to make sure that the U.F.O. would be able to assume a position of leadership, the same meeting appointed a reconstruction committee to report on any changes needed in the organization's basic structure. W.C. Good, then a director of the company, was appointed to the committee. He played a prominent role in the committee during the succeeding year and succeeded in putting forward the Union's views on the U.F. Co-op.

Good's ideas--essentially advocating increased autonomy for the locals--did not go unopposed within the U.F.O. There had always been a strong pragmatic wing in the farmers' movement that did not view "mystic co-operation" with much enthusiasm. Before 1932, when Graham Spry and Alan Plaunt took over The Farmers' Sun, that journal had often reflected the more pragmatic wing. This point of view was perhaps best summarized and most logically presented in a 1930 editorial:

The enthusiasm of those who claim for the co-operative movement a monopoly of Divine approval ought to be curbed. The so-called competitive system fails sadly at times but it cannot be condemned outright as a special contrivance of the devil and all his works.... There are some who talk glibly of eliminating the profit motive as though the co-operative system operates anywhere on a non-profit basis. If it be possible to determine the basic principle of the co-operative system, we should say it is not the eliminating of profits to the pockets of patrons rather than to the pockets of a favoured few. Outside of that, it is doubtful whether there is any other principle that is common to the co-operative movement at large.... The best that can be said of the co-operative system is that it is a common sense method of doing business, that, with proper understanding of its scope and limitations, may be applied in certain fields of industry and commerce with considerable success. To claim more than that for it at this stage is ill-advised and illogical.<sup>1</sup>

As the Depression became worse, the pragmatic opposition to "mystic co-operation" lost the prosperous environment that had seemed to prove its correctness in the past. Thus, when the reconstruction committee reported in late 1932, it brought forth arguments essentially based on the mystical co-operative approach of the C.U.C. The plan devised by the Committee called for the exchange of existing voting shares for preference shares bearing a fixed and reasonable rate of interest. All voting shares in the future would be held by affiliated societies who would be entitled to purchase one five-dollar share for each of its members. Each society would be entitled to send delegates in proportion to its number of members to the annual meeting of the new organization. These provisions would produce a true wholesale democratically controlled by the people it served. They

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1. The Farmers' Sun, November 13, 1930, p. 4.

would undermine the position of the mere investor member and enhance the power of the participating member; they would also tend to increase the potential power within the organization of local societies who, by increasing membership, could gain greater influence, probably at the expense of the Toronto-centred executive.<sup>1</sup>

The immediate negative reaction to these proposals was an emotional outburst at the 1932 annual meeting of the U.F.O. This outburst was led by J.G. Whitmore, one of the company's directors, and by Gordon Waldron, the company's solicitor. Whitmore savagely and personally attacked the committee, accusing them of ignoring many of their duties and questioning their small holdings in the company in contrast to their large expense accounts.<sup>2</sup> Waldron viewed the committee's report as an attempted "steal" of authority by a "gang of adventurers".<sup>3</sup> As the argument descended into unreasoned invective and as W.C. Good's integrity was challenged, Agnes Macphail, with her remarkable gift of oratory, came vigorously to the defence of the committee. She along with William Irvine and Robert Gardiner swayed the convention in favour of the report in principle and for the

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1. C.C., December, 1932, pp. 10-11. Good had submitted essentially the same plan in 1928 to the U.F.O. membership and even then had elicited a generally favourable response. Keen to H. Hindson, February 10, 1928, C.U.C., vol. 45, 1928 FL: file "H".

2. D. French and M. Stewart, Ask No Quarter, a Biography of Agnes Macphail (Toronto, 1959), p. 164.

3. C.C., December, 1932, p. 11.

immediate dismissal of Gordon Waldron.<sup>1</sup> There were details of the reform measure to be worked out, but it appeared as if the ideas so long supported by the Union had gained acceptance within the U.F.O.

Thus, the Southern Ontario movement by 1932 showed promise in both its urban and rural wings and appeared to be on the verge of developing a strong provincial movement. As such, it symbolized the position of the total movement in Canada in 1932. The Depression had not weakened co-operative enthusiasm; it had strengthened it. Similarly, leaders of co-operatives had not retreated to the narrow protection of their own institutions; they had resolved to create a more meaningful total co-operative movement. The tasks for the future were not easy ones to surmount, but they had been identified, and there was a growing consensus that they had to be conquered.

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1. D. French and M. Stewart, Ask No Quarter, p. 165.



## CHAPTER ELEVEN

### THE BEGINNING OF PROVINCIAL INTEGRATION:

### THE UNION FROM THE CONGRESS OF 1932 TO THE END OF 1936

#### The Emblem of Co-operation

The Rochdale Weavers in days of yore  
Put their looms in operation,  
And weaved a fabric on Britain's shore  
For World Co-operation.

The emblem of the joining hands  
Is the emblem of Co-operation;  
From Britain's shore to far off lands  
For every race and nation!

The emblem stands for peace on earth  
Good Will to men and equity,  
For liberty, love, home and hearth  
For brotherhood and loyalty.

No gun, no fort, no borderline  
Can stop co-operation  
In every land the sun will shine  
On Brotherhood-relation.

Christmas greeting for 1936 from  
H. Willner, Davidson, Saskatchewan to George Keen,  
To be sung to the tune of "The Maple Leaf Forever".  
C.C., January, 1937, p. 15.

By 1933 most of the Union's affiliates were overcoming the problems of the Depression and were beginning to expand their business steadily. As the societies improved, so did the Union. In 1932 twenty-seven of the thirty-three retail affiliates reported sales of \$2,600,000 and a total membership of 8,700.<sup>1</sup> The wholesales, representing 111 societies or farmer organizations reported nearly \$750,000 in business.<sup>2</sup> The total membership of all affiliates, except the wheat pools, was 11,200, and the total sales for all societies, again excepting the pools, was just over \$4,000,000.<sup>3</sup> The submissions for 1936, from forty-one out of the fifty-nine affiliated retail societies, revealed a remarkable increase in view of the economic conditions. The retail societies alone recorded a membership of 13,600 and total sales of nearly \$4,500,000.<sup>4</sup> Without including the sales of the wheat pools, the Union's affiliates sold over \$9,800,000 worth of goods;<sup>5</sup> their total membership--this

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1. C.C., August, 1933, pp. 10-11.

2. Ibid., pp. 12-13.

3. Ibid.

4. C.C., September, 1937, pp. 12-13.

5. Ibid., pp. 14-15.

time including the two pools--was nearly 160,000.<sup>1</sup> Many institutions suffered during the mid-thirties, but the Union was not one of them.

Though every region improved markedly, the movement on the Prairies progressed the most. The reasons for the growth are fairly obvious: the co-operative movement was widely investigated and became a popular alternative to radicalism, a means of reasserting local initiative, and a device for meeting immediate needs. For the C.U.C. such interest was welcomed though it stretched to the limit the endurance of George Keen, then a man in his sixties.

Keen's work was made difficult because he found his time divided between two general types of co-operative endeavour in Canada. On the one hand, he was faced with rapid development among the pragmatic co-operators who guided the established movements across Canada. Most of his work with these men concentrated upon giving them a higher view of the movement and upon encouraging them to integrate their activities within a well-developed program. On the other hand, he was confronted with numerous co-operative enthusiasts who appeared, rather suddenly, within Canada's largest cities. While welcoming their interest, Keen found these new co-operators difficult to advise: in contrast to the strong pragmatic orientation of the established co-operators,

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1. C.C., September, 1937, pp. 14-15.

the new enthusiasts were often very idealistic and quite impractical. The complexities involved in advising both the new and the old enthusiasts were immense, but they were also gratifying: they were, after all, the problems of expansion and popularity and, as such, a welcome change from the Union's more common preoccupation with difficulties emanating from failure and despair.

## ii

Among the older, better-established co-operative developments, the three Prairie movements made the most dramatic advances between 1933 and 1936. The Alberta co-operators entered the period in the most demoralized state because of the closing of their wholesale; but, believing that the wholesale's problems stemmed as much from the hostility of the U.F.A. as from their own errors,<sup>1</sup> they were not completely dispirited. Indeed, by August, 1933, the managers of the co-operatives in Northern Alberta were planning for the organization of a collective buying scheme and for the reopening, in 1934, of the wholesale. This renewed interest was the result of an economic resurgence among the Alberta societies during 1933 and especially 1934. The main obstacle met by the rejuvenated Alberta co-operators was the \$15,000 still owing from the days when the wholesale was in

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1. At the 1932 Regina Congress T. Swindlehurst of Edgerton and C.G. Davidson of Lloydminster denounced the U.F.A. publically and blamed its "duplicity" for the wholesale's suspension. See C.C., August, 1932, pp. 15-16.

operation.<sup>1</sup> Beginning in 1934, the officials of the wholesale began to pay these debts with loans advanced by the Wetaskiwin and Killam co-operatives.<sup>2</sup> As the debts were paid, the wholesale's credit rating improved; in 1934 its operations showed a slight profit, and in December it re-joined the national Union.<sup>3</sup>

In Saskatchewan, 1934 also marked the return of prosperity. In that year Lloydminster's trade increased from \$167,000 to \$223,000, Davidson's jumped from \$100,000 to \$120,000, and Young climbed from \$9,000 to \$76,000. The wholesale reflected this growth in 1935 when its turnover increased from \$350,000 to over \$440,000. George Keen was particularly impressed with the improvements in Saskatchewan during his 1934 itinerary partly because of the financial improvement, but mostly because of the enthusiasm he found among western co-operators.<sup>4</sup> He was particularly pleased with a conference held in Regina, where the co-operative leaders started a determined effort to unite the provincial movement under the leadership of the wholesale. Keen strongly urged loyal support of the wholesale, and he

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1. W. Halsall to Keen, January 23, 1934, C.U.C., vol. 162, 1934 EM: file "Killam".

2. Ibid.

3. W. Halsall to Keen, January 21, 1935, C.U.C., vol. 161, 1934 AD: file "Alta. C.W.S.".

4. Keen to A.B. MacDonald, July 23, 1934 and Keen to P.E. Roblin, July 27, 1934, C.U.C., vol. 71, 1934 SW: file "S".

advocated some limitation of the power of individual consumer societies. He began to see the wholesales in a more assertive role, capable of disciplining societies which purchased unnecessarily from capitalist wholesales and capable of investigating participating societies when requested to do so by disgruntled members.<sup>1</sup> These ideas led to a vigorous discussion of the Saskatchewan movement, so invigorating that the co-operators decided to make the Conference a permanent fixture of their annual routine. The Saskatchewan movement was safely through the Depression and once again able to consider the integration of its many-faceted co-operative enterprises.

The growth of the Saskatchewan movement was also indicated by the amount of work imposed upon B.N. Arnason, the Commissioner of Co-operation who had replaced W. Waldron in 1932. Between April 1, 1934, and March 31, 1935, thirty-six new consumer associations were incorporated in Saskatchewan compared with thirteen in the previous fiscal year. Most of the new associations were developed around wheat pool locals with the assistance of the wholesale. They were not intended to be mere agencies, however, but were planned as the beginnings of complete co-operative stores. A few, too, were organized to meet diverse local purposes such as the development of community halls,

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1. G. Keen, "Report of the Saskatchewan Co-operative Conference", und., C.U.C., vol. 68, 1934 CD: file "Co-operation and Markets Bch. Sask. Dept. of Agriculture".

community pastures, and public rest rooms.<sup>1</sup>

The Union viewed rapid increase in consumer societies with some misgiving. During the Depression it began to discourage the opening of new stores, and it advised local groups, whenever possible, to open branches of existing societies. Starting a new store was a difficult task because it usually required training an entirely new board of directors, starting with few reserves, and depending upon the remote advice of the Union or its representatives. Branches, on the other hand, could rely upon the knowledge of the executives of the "mother store", offset initial losses by the profits of the entire co-operative, and make good use of already existing wholesale arrangements. Nor was there any violation of the traditional co-operative emphasis upon local involvement. Each branch had its own directors who, in turn, were members of the board for the entire co-operative; each branch followed policies laid down by its members except in some business areas. Such a system was thought desirable by the Union, because, with some variations in each case, it had worked well in Sydney<sup>2</sup> Mines, Waldhof, and, apparently, Montreal.

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1. B.N. Arnason to Keen, August 15, 1935, C.U.C., vol. 73, 1935 CI: file "Co-operation and Markets Branch, Saskatchewan Dept. of Ag."

2. Keen to R.A. Palmer, October 7, 1935, C.U.C., vol. 73, 1935 CI: file "Co-operative Union of Great Britain".

The Union, however, was finding it increasingly difficult to advise the rapidly growing movement in Saskatchewan. By 1935, that movement contained twenty consumer societies--nearly one-third of the Union's membership--one wholesale, the United Farmers of Canada, the wheat pool, a co-operative dairy, a refinery, and the livestock pool.<sup>1</sup> The refinery was a particularly auspicious accomplishment for the provincial movement. It had grown out of hundreds of small oil pools formally and informally organized by Saskatchewan farmers during the 1920's and early 1930's. By buying in bulk quantities the farmers had saved themselves a considerable amount of money: the difference between the retail and wholesale price was seven cents a gallon in 1931, enough to make large dividends possible if enough farmers participated. Between 1931 and 1934, however, British-American Oil and Imperial Oil gained a stranglehold on the larger refineries and the margin slipped to four cents per gallon. Irrate co-operators reacted to this decline by subscribing \$200,000 and building their own refinery which began operation in May, 1935.<sup>2</sup>

This accomplishment, added to the growth of 1935 and the Union's inability to give completely satisfactory advice,

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1. C.C., September, 1936, pp. 10-13. Technically, the refinery did not apply for admission until 1936 when it could afford to do so, but it was always integrated because it was clearly connected to the wheat pool and the Saskatchewan C.W.S.

2. "General Outline of Activities Prepared for Board of Directors", und., C.U.C., vol. 167, 1936, AC: file "Cons. Coop Refineries".



led to demands for an integrated provincial organization. The Union executives encouraged this demand, their only concern being that the new organization conform to the general rules of the C.U.C. Good and Keen had always favoured the development of provincial sections of the Union as soon as they were feasible, and, by 1935, Saskatchewan had a sufficiently large and experienced movement to meet their qualifications.

A resolution for the creation of a provincial section was passed by the Saskatchewan Conference of Co-operative Trading Associations at its 1936 annual meeting in Regina.<sup>1</sup> It followed a series of optimistic reports, including one by B.N. Arnason which indicated that between May 1, 1935, and April 30, 1936,<sup>2</sup> forty-five new consumer co-operatives had been opened. The resolution was brought forward to the Toronto Congress held in September, 1936.

Before the request for a provincial section was granted by the Congress, some adjustment of the Union's Rules was necessary as the original Rules covering possible sections were rather brief and indefinite. Under the Rules devised in Toronto to govern the provincial sections, each section would elect its own executives at annual conference and devise its own rules. No section, however, could speak for

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1. C.C., August, 1936, pp. 11-12.

2. Ibid., p. 10.

the Union unless authorized to do so, and all had to follow Union rules established at Union Congresses. Aside from these restrictions, the sections were authorized to decide all administrative problems in their provinces and to undertake whatever educational, lobbying, or advisory initiatives they wished.<sup>1</sup>

At the same Congress the Union approved an application from Alberta co-operators for the creation of a provincial section. The Alberta section was as much the result of despair as it was a natural development emerging out of strength. It was precipitated in part by the organization, in March, 1936, of the Alberta Co-operative Council by the various producer co-operatives. Although the consumer societies were invited to join this new organization, they did not do so because they feared being dominated by the producers.<sup>2</sup> Many of the retail leaders had attended numerous co-operative gatherings in Alberta in previous years, and they had found that consumer co-operation played an insignificant part in the discussions.<sup>3</sup> One leader recalled a three-day U.F.A. co-operative meeting where the discussion --held late on the last evening--had been abruptly terminated after one hour.

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1. C.C., October, 1936, pp. 14-15.

2. Keen to W. Halsall, January 7, 1936, C.U.C., vol. 167, 1936 AC: file "Alta. C.W.S."

3. W. Halsall to Keen, January 21, 1936, ibid.

As effective co-operation with the producer organizations seemed to be impossible, Keen suggested the formation of a provincial section. He hoped a section would bring the societies together and would be able to enlist the support of unaffiliated Alberta societies.<sup>1</sup> Acting upon this suggestion, the Alberta wholesale convened a special meeting of consumer co-op leaders in Edmonton on April 14, 1936. Several proposals were put forward--among them one suggesting the creation of a single provincial consumer society made up of numerous branches--but, ultimately, the meeting reverted to Keen's suggestion of a provincial section. After some minor alterations, the meeting accepted his idea, placed it in the form of a resolution, and sent it to the Toronto Congress for adoption.

The creation of the two sections marked the beginnings of maturity for the Saskatchewan and Alberta movements by demonstrating that co-operators in both provinces were starting to understand the necessity of uniting together. Previously, wings of the movement, even societies within the various wings, had not co-operated together; with the creation of the sections the consumer societies at least were involved in joint programs and in Saskatchewan, though not in Alberta, producer and consumer organizations had

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1. Keen to W. Halsall, January 7, 1936, C.U.C., vol. 167, 1936 AC: file "Alta. C.W.S.".

demonstrated a willingness to work together also.

Less progress toward integration was manifested in Manitoba between 1933 and 1936. The only indications of consolidation were some joint projects by the wholesale and the Co-operative Advisory Board of the provincial government; the most important of these was a school on co-operation held each summer at the University of Manitoba. Keen was hired to lead some of the discussions at the school, generally those on the theory of co-operation. But the Manitoba movement lagged behind its counterparts in Alberta and Saskatchewan mostly because it lacked both a strong consumer movement and government co-operative officials with the power to provide leadership.

The Manitoba movement also lagged economically as far as the Union was concerned; none of the retailing affiliates reported for 1932, but four did report for 1936, and they showed a total gross trade of only \$125,000.<sup>1</sup> The wholesale maintained gross sales of \$300,000 a year. The significant economic improvement among the affiliated Manitoba societies was still a few years away.

The Prairies movement, therefore, generally made remarkable strides between 1933 and 1936. The Prairie retail societies that reported for 1936 sold \$1,600,000 worth of goods;<sup>2</sup> those reporting for 1932 had sold only \$900,000.<sup>3</sup>

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1. C.C., September, 1937, pp. 10-13.

2. Ibid.

3. C.C., August, 1933, pp. 10-11.

Such expansion in the middle of the Depression was a remarkable achievement, especially because most of the new strength developed in the particularly depressed province of Saskatchewan. A number of factors help to explain this remarkable growth. The first was necessity: as the combination of depression and drought swept areas of the Prairies, farmers who did not leave their farms had to depend on community activities, community co-operatives, and community relief to survive. As J.H. Gray wrote about Saskatchewan in the thirties:

It was indeed a commonwealth, and nothing suited it better than the co-operative way of life it so largely achieved. The co-operatives gave the people of Saskatchewan the only real alternative to extinction. It was to co-operate, or give up and get out; they co-operated and survived.<sup>1</sup>

The second major reason for the growth on the Prairies was the strength provided by the wholesales. By the thirties, the small retail outlets in the West were finding it difficult to secure dependable, cheap connections with wholesales, mostly because the developing chain stores were destroying many of the old wholesale houses by buying directly from producers.<sup>2</sup> The co-operative wholesales, however, had

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1. J.H. Gray, The Winter Years, The Depression on the Prairies (Toronto, 1967), p. 196. The development of co-operatives, however, did not vary significantly with the intensity of the Depression in Saskatchewan. The movement was equally strong in the worst areas of south-western Saskatchewan and in the somewhat less affected regions of "central" Saskatchewan.

2. Government of Canada, Report of the Royal Commission on Price Spreads (Ottawa, 1937), p. 204.

an assured market and could provide dependable service and lenient terms. The wisdom of the traditional Union emphasis upon building strong wholesales was certainly demonstrated in the thirties.

Thirdly, the co-operatives that developed as strong Union affiliates were generally in the smaller towns on the Prairies. Little effort was made to break into the larger towns and cities such as Winnipeg and Calgary. The movement became most aggressive, therefore, in areas where the competition was weakest. The large chains did not rush in to capture markets such as those existing around Edenwold or Aneroid, Saskatchewan. The movement found its constituency in the West during the thirties and captured it.

## iii

The movement in the Maritimes also made considerable progress in the 1933-1936 period. Rather surprisingly, the impetus behind the expansion did not come from the Cape Breton co-operatives, the organizations with the longest history of C.U.C. affiliation. The dominant figures in these societies--notably Sydney Mines and Sydney--were cautious, dependent upon conservative business policies, and frightened by rapid expansion. They were particularly timid after the departure of the older, British-trained leaders during the late twenties and early thirties. In contrast to the generalization about the old being

conservative and the young radical, W.C. Stewart and the men of his generation were much more aggressive than the men who replaced them.

Easily the most dynamic leadership in the early thirties was associated with the Antigonish movement. Such men as Coady, Tompkins, Gillis, and the Macdonalds looked upon themselves as catalysts and educators, but above all as activists: they thought their task was to teach the miners, farmers, and fishermen how to study and how to organize. They were, therefore, particularly interested in training the community leaders around whom co-operative enterprises might be built. In keeping with the primary aim, the movement established a school in 1933 for the training of managers and directors for co-operative institutions. The school was operated in the winter months and concentrated upon practical subjects such as arithmetic, public speaking, and English, but included in its curriculum such theoretical subjects as civics and the principles of co-operation.<sup>1</sup> One of the instructors at this school was W.C. Stewart who had left the British Canadian Co-operative in 1932 because of ill health, declining business, and personality differences with the board of directors.

Stewart's employment by St. Francis Xavier did not mark an immediate improvement in the cordially correct but

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1. Keen to A.M. Ferriss, February 21, 1933, C.U.C., vol. 64, 1933 CJ: file "F".

indifferent relationship between the Cape Breton consumer movement and Antigonish. In fact, shortly before Stewart's departure from Sydney Mines, he had vigorously opposed an effort by Antigonish leaders to centralize the wholesaling of all Cape Breton farm goods in the hands of a single organization. Stewart rejected this plan because it gave the farmers a virtual monopoly that might be harmful to the consumer. He advocated creating a true co-operative wholesale under consumer domination, but he was overruled by the farmers;<sup>1</sup> the Maritimes movement was still too immature to permit consolidation of its various wings.

Stewart's participation in the school, however, did mark an increased emphasis on education throughout the Maritimes' movement. In 1933, 1934, and 1935, all co-operative agencies in the region undertook numerous educational programs aimed at encouraging co-operative activities. On a society level, the branches of the British Canadian society established educational committees and sponsored entertainments, lectures, and study groups.<sup>2</sup> The main branch of the society in Sydney Mines, like co-operatives in Northern Ontario and on the Prairies, began to sponsor radio programs. The writing and production of plays with co-operative themes

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1. Stewart to Keen, July 30, 1932, C.U.C., vol. 155, 1932 AD: file "British Canadian".

2. For example, see report of activities at the British Canadian's Branch Six in Glace Bay. C.C., March, 1933, p. 13.



also became common in this burst of educational activity:

In South West Margaree a progressive leader composed a four act comedy entitled "The Old Age Pension Brings Joy to Four" and staged it before a large audience of local people. A young lady in Ingonish also wrote a co-operative playlet which she put on very successfully in that community.<sup>1</sup>

The most important educational activity undertaken was the school for co-operative leadership operated by St. Francis Xavier. It brought together co-operators from all three Maritime movements and contributed considerably to the eventual union of Maritime co-operators. Stewart brought with him some of the younger men active in the Cape Breton societies, while the leaders of the Canadian Livestock Co-operative (Maritimes), the United Maritime Fishermen, and the Cape Breton Island Producers Co-operative also sent young students to the school. Most of the students were active in the numerous co-operatives that appeared in the early thirties, such as co-operative lobster factories, co-operatives selling salmon, dairy co-operatives, buying clubs, and a co-operative coal mine.<sup>2</sup> The school became a common ground for Maritime co-operators, one of the few in a very fragmented movement.

The increased emphasis on education gave the Union an

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1. T.B. Thompson, "The University Extension Department of St. Francis Xavier University", unpublished Economics Term Paper, Nova Scotia Agricultural College, March 7, 1935, p. 8.

2. In Inverness a group of citizens organized a co-operative to operate a coal mine abandoned by the Inverness Railway and Coal Company. It operated throughout the mid-thirties until the coal reserves were depleted. See C.C., March, 1933, pp. 9-10.

opportunity to play a greater role in Maritime co-operative circles. George Keen was one of the instructors at the 1934 school, offering a number of lectures on "Co-operative Principles and Business Practices". Keen was very impressed with the enthusiasm of the students present and with the ability of the lecturers. Aside from Coady and Tompkins, whom he already knew, the latter group included other professors from St. Francis Xavier, the manager of the Canadian Livestock Co-operative (Maritimes), officials of the Nova Scotia Department of Agriculture, and representatives from the Nova Scotia College of Agriculture.<sup>1</sup>

The mingling of so many co-operative leaders naturally produced a series of positive side effects. One of the most important of these was the creation of a loosely organized regional body, the Maritime Co-operative Council, with Coady in charge and A.B. MacDonald as secretary. Primarily concerned with educational affairs, the Council never gained much power, but it was at least the beginning of an integrated movement on the eastern coast. Another positive step in the same direction was the organization into larger groupings of the various wholesaling agencies already serving Maritime primary producers. In 1934, representatives of Canadian Livestock Co-operative (Maritimes), Cape Breton Island Producers Co-operative, and various small buying clubs met together while the co-operative school was being

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1. C.C., March, 1934, pp. 8-9.

conducted. At that meeting, in which Keen played a prominent part,<sup>1</sup> they examined seriously for the first time the organization of a wholesale for the entire region.

Another accomplishment derived from the school was an organized effort to improve co-operative law in Nova Scotia. Under existing legislation, each distributive co-operative was incorporated under special charter without adequate supervision. At the 1934 school the leaders launched a strong campaign for legislative reform and instructed George Keen to prepare a brief on the subject. Keen completed his brief in late 1934, and it was used to good advantage by A.B. MacDonald who secured the needed changes in Nova Scotian law.<sup>2</sup> In early 1936, the Nova Scotian government appointed R.J. MacSween as Inspector of Co-operatives to make sure that only organizations developed according to the Rochdale principles called themselves co-operatives.<sup>3</sup> The legal reform and his appointment made Nova Scotia one of the most advanced Canadian provinces in terms of stimulating co-operative development.

The Union benefited directly from the school because it enabled Keen to make tours of Cape Breton in 1934, 1935, and 1936. In 1934 he took part in meetings of the board of directors of the British Canadian, addressed a public meeting

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1. C.C., March, 1934, p. 8.

2. A.B. MacDonald to Keen, March 11, 1935, C.U.C., vol. 75, 1935 SY: file "S".

3. C.C., March, 1936, p. 14.

in Sydney Mines and another in Glace Bay. In the latter town, he also advised a group of farmers interested in forming a co-operative dairy similar to the one operating in Sydney Mines.<sup>1</sup> During 1935 he travelled throughout the area attempting to stimulate an interest in the further pooling of purchasing power. He also addressed public meetings in Sydney Mines, North Sydney, and Glace Bay.<sup>2</sup> In 1936 he followed a similar itinerary but included New Waterford, site of a new co-operative recently affiliated with the Union.<sup>3</sup> The public meeting in New Waterford was the highlight of the trip that year: over a thousand people assembled to hear him speak, and he was ably assisted by a number of young men who had attended the Antigonish co-operative school.<sup>4</sup>

Keen's work at the school and his successful itineraries made him well known in the Maritime region. His fame even spread to the misty shores of Newfoundland. When the Commission government took over in Newfoundland during 1933, a number of co-operative enthusiasts who had had experience with the British movement became convinced that co-operation could solve many of the colony's problems. Their idea was

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1. C.C., March, 1934, pp. 8-9.

2. C.C., March, 1935, pp. 8-9.

3. Keen aided the New Waterford society in its incorporation in 1935. It joined the Union in May, 1935. See C.U.C., vol. 166, 1935 NY: file "New Waterford".

4. C.C., March, 1936, pp. 13-14.

not new of course--Smallwood and Croaker had had the same idea before--but the Commission's emphasis upon co-operation marked a new era of government involvement in the movement. The Commission secured a complete survey of the colony's co-operative possibilities from Miss M. Digby of the Horace Plunkett Foundation, and then it began to search for a man to develop Newfoundland co-operatives. At first overlooking local leaders, the Commission tried unsuccessfully to secure a competent Englishman but, when that effort failed, turned to George Keen on the advice of James Fisher, Jr., of the Scottish Co-operative Wholesale.<sup>1</sup>

The Commission offered Keen a salary of between \$3,000 and \$3,500 a year, plus travelling expenses. This offer, about double what he received from the Union--when the Union could pay--was attractive, but he refused to accept it on the grounds that he could not allow twenty-five years' labour to be lost.<sup>2</sup> Keen did, however, strongly recommend close co-operation with the Antigonish movement, which, through its schools, was producing a number of dedicated, trained co-operative leaders. After a short experiment with a Scottish agricultural co-operator, the Commission took his advice and secured the services of Gerald Richardson of the St. Francis Xavier Extension staff and four field

1. Sir John Hope-Simpson to Keen, May 15, 1935, C.U.C., vol. 73, 1935 CI: file "Departments of Government".

2. Keen to Sir John Hope-Simpson, May 27, 1935, ibid.

workers trained at Antigonish. Under their direction the Newfoundland movement grew rapidly, including stores organized with the aid of the Railway Employees Welfare Association, a number of credit unions, and a summer school at St. John's. Just as in Eastern Nova Scotia, co-operation found a receptive audience in Newfoundland during the thirties.

The intensive educational activities of the 1934-1936 period soon had an impact. In 1935 and 1936 societies located in Moncton, Canso, New Waterford, and Sydney joined the Union, bringing the total business done by Maritime affiliates in 1936 to about \$1,500,000.<sup>1</sup> The Moncton society was the Canadian Livestock Co-operative (Maritimes)<sup>2</sup> which was a federation of livestock co-operatives and other farm organizations scattered throughout the Maritimes. Its decision to join stemmed partly from work Keen had done with its manager, W.H. McEwen, at the co-operative schools,<sup>3</sup> and partly from growing support for consolidation among Maritime co-operators. As in other Canadian provinces, the key ingredient to greater unity in the Maritimes was the development of a strong wholesale. The C.L.C. had long served its affiliates as a wholesale and, in the mid-thirties, was attempting to undertake the same services for

1. C.C., September 1937, pp. 10-15.

2. Henceforth abbreviated where desirable, to C.L.C.

3. C.C., March, 1934, pp. 8-9.

other co-operative organizations. It had the support of the Antigonish movement--in 1935 the St. F.X.-Sponsored Central Purchasing Committee turned its work over to the C.L.C.<sup>1</sup>--and the only significant co-operative development not included was the consumer movement in Cape Breton. Affiliation with the C.U.C. was seen as one way in which the gap might be bridged.

The Union, however, could not force the involvement of the British Canadian and other Cape Breton societies. Religious animosities continued, even among the new societies which often resented the forceful way in which some Antigonish leaders worked.<sup>2</sup> More importantly, the British Canadian,

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1. C.P. McDonald, "The Co-operative Movement in Nova Scotia", pp. 118-119.

2. L.R. Hollett, manager of the New Waterford society wrote: Now Sir, i do not know what you are in religion and i do not care, but there seems to be somewhat of religious interference here; that is the Extension Department seems to not be satisfied with putting over the Educational work, with which they have done a whole lot of good, and with which i am most heartily in accord. But they want to have a say in the affairs of the Society. So much so that at our Annual Meeting, they had their friends make a motion which was carried to have Professor McDonald and Mr. Alex S. McIntyre made Hon. Members of our Society (without a Vote) these two Gentlemen were present They tried about 4 months ago, the [to?] to made Hon. Members of the Board, but did not succeed.  
WHY THIS MOVE?

And again they are strongly opposed to the B.C. Co-operative at Sydney Mines, and i am classes as being too much of their type, in fact one of our Directors openly made the Statement that the Extension Department would rule, whether i liked it or not. My answer was that i was a servant, and that i would always be guided by the membership of our Society regardless of who tried to inject other than Co-operative principles. L.R. Hollett to Keen, December 5, 1935, C.U.C., vol. 166, 1935 NY: file "New Waterford".

whose trade started to increase again in 1934, had an annual turnover of more than a million dollars. It had excellent connections with wholesalers, was willing to help nearby consumer societies, and was ordering different goods from those generally needed by the farming and fishing communities. The British Canadian, in short, was in the strong position, sympathetic to the idea of a regional wholesale, but wary of weakening the purchasing power it possessed by associating with less reliable institutions.

Nevertheless, in June, 1935, representatives of the British Canadian met at Margaree with officials of the C.L.C., the United Maritimes Fishermen, and the Pictou United Farmers to consider a co-operative wholesale for Nova Scotia. A committee was appointed to investigate the matter, and it reported to another meeting at Port Tupper in the same month. The committee, doubtlessly influenced by the caution of the British Canadian, recommended slow development until all societies in the area could be relied upon to participate. The committee pointed out, however, that co-operatives in the eastern part of the province were purchasing annually more than three million dollars, enough to warrant continuing exploration of a wholesaling institution.



progress and Maritime co-operation was moving ahead, co-operators in rural Ontario were also developing their institutions in a way that would ultimately benefit the C.U.C. In 1932, the United Farmers had adopted a reform program generally in keeping with the C.U.C. criticisms that dated back to 1918. Although the first opposition to this decision-- at the 1932 annual meeting--was emotional and somewhat illogical, many of the opponents were respected, powerful men within the organization.<sup>1</sup> During 1933 the U.F. Co-op leadership, frightened by the divisions created at the 1932 meeting, tried to subdue debate and to postpone decision on the reorganization scheme. Then, the forces of pragmatism, led by J.G. Whitmore, proposed their own reorganization scheme whereby the U.F. Co-op would become an ordinary capitalist entity without any pretenses toward co-operative development. This proposal, although rejected by most members, effectively stalemated the discussion because it once again made the executive wary of pressing the co-operative reform measures. In the middle of the Depression, the U.F. Co-op could not afford to antagonize a large number of its supporters.<sup>2</sup> The move to make the Ontario agrarian movement co-operative had reached a point of suspended animation.<sup>3</sup>

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1. Good, Farmer Citizen, pp. 239-240.

2. Ibid., pp. 240-241.

3. The lack of resolution on the part of the executive also stemmed from the political experiences of the U.F.O. in the early thirties. Many of the individuals responsible for the passage of the Reconstruction Committee's report were

Nevertheless, from the Union's viewpoint, significant changes had taken place within the U.F.O. movement. The acceptance of the principles of reform by the majority of delegates at the 1932 meeting and the general support of the majority of the directors indicated the slow maturing of the Ontario movement. The support of many of the strongest leaders--notably J.J. Morrison, Agnes Macphail, H. Hannam, and W.C. Good--and the increasing sympathy of the younger leaders--especially Leonard Harman, R.S. Staples, and the Young Canada movement generally--meant that the reform movement would not die though temporarily stymied. Indeed, the U.F.O. co-operated more than ever with the C.U.C.<sup>1</sup> and with other co-operative institutions such as the Credit Union National Association and Co-operative League of the United States.<sup>2</sup>

At the 1934 Union Congress, held in Toronto partly to encourage closer connections with the Ontario agrarian movement, the United Farmers played a conspicuous part. H. Hannam, then U.F.O. general secretary, was a frequent participant at the Congress itself, and especially at a special

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also behind the U.F.O.'s involvement in the C.C.F. When the alliance disintegrated shortly after being formed, they were disheartened and uncertain as to what future course they should take. Obviously, the U.F.O. could not readily afford another major debate on what appeared to be a tangential issue.

1. Keen to O. Cooley, March 4, 1937, C.U.C., vol. 81, 1937 AC: file "C".

2. Good, Farmer Citizen, p. 241.

Ontario Conference immediately after the Congress. In his speech to the latter meeting, entitled "When is a Co-operative Really a Co-operative?", he demonstrated a commitment to the Union's approach.<sup>1</sup> He argued that the Canadian co-operative movement in the past had been too committed to producer co-operation, and he called for an imitation of the Danish movement in which the consumer and producer movements had complemented each other. He pointed out that Canadian farmers should be particularly interested in improving consumer co-operation because, as small businessmen purchasing large quantities of supplies, they should be more interested in distributive co-operation than were the urban wage-earners. He also maintained that urban co-operators must not fear the development of producer societies because, in the long run, they would insure orderly marketing and the elimination of high charges by middlemen. Ultimately, though, Hannam believed that the consumer must have final authority so that the interests of the most people would have priority. He concluded his speech, which was very much in the Union tradition, by commenting:

...I would say that in attempting to decide when a co-operative is really a co-operative a simple rule would be this: When we attempt to supply our wants and attain good living by climbing on the backs of our brothers, that is the way of competition. But when we join hands with our brothers--no matter what their class, creed, nationality, race or color--and together help each other

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1. For a synopsis of the speech see C.U.C., vol. 71, 1934 SW: file "U".

to supply our wants and attain good living, that is the way of co-operation.<sup>1</sup>

In 1935 the United Farmers and the C.U.C. came closer together when J.G. Whitmore failed to be re-elected to the former organization's board of directors. His departure meant that the board was almost completely dominated, although timidly, by the reformers.<sup>2</sup> The reformers did not press for the reconstruction program drawn up in the early thirties, but they did enter into extensive educational activities involving the Union. It gave the Union considerable publicity, for example, in its weekly radio programs broadcast over a Toronto station,<sup>3</sup> and their alliance was cemented in August, 1936, when the U.F.O., the educational wing of the agrarian movement, joined the C.U.C. Keen accepted the organization quickly, a precedent having been set for the affiliation of agrarian educational organizations<sup>4</sup> by the United Farmers of Canada (Saskatchewan Section).

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1. For a synopsis of the speech see C.U.C., vol. 71, 1934 SW: file "U".

2. Good, Farmer Citizen, p. 241.

3. For example, see copy of a radio script in which H.H. Hannam interviews Good about the Union. See C.C., July, 1936, pp. 8-10.

4. Keen had been uncertain as to whether agrarian educational societies were eligible and consulted with H.J. May, secretary of the International Co-operative Alliance, before admitting the U.F.C.S.S. Keen to O. Cooley, March 4, 1937, C.U.C., vol. 81, 1937 AC: file "C".

The C.U.C. was also called upon by the U.F. Co-op to help revitalize many of its locals which had become moribund during the difficult days of the Depression. The Co-op's executive believed that the Union could help both itself and the agrarian movement by stimulating consumer co-operation among the farming locals scattered throughout the province. The Co-op executives were anxious to expand the limited wholesaling activities they were already supervising, and they thought they could benefit from the knowledge gained by the Union in its work with western wholesales. As Ontario agriculture struggled to escape the stagnation of the early thirties, the possibilities for the wholesaling of agricultural needs became increasingly apparent, and the Union might help to organize demand for the benefit of the U.F. Co-op.

During 1936 the U.F. Co-op greatly expanded upon the major items it supplied Ontario farmers, and, in the process, it made itself more truly co-operative. It began to supply co-op brand implements and electric appliance furnished by National Co-operatives, then a loose federation of nine co-operatives in the United States. To make the purchase of these commodities attractive, the U.F. Co-op allowed purchasing societies to buy stock in proportion to their membership, to send delegates to the annual meeting on the same basis, and to receive dividends according to the amount of

purchases.<sup>1</sup> These changes, one more step along the road toward a completely co-operative system, made sure that future members at least were affiliated in a philosophically satisfactory way.

## v

In British Columbia, the nucleus of affiliates in the mining and agricultural districts demonstrated considerable stability and some growth between 1933 and 1936. Armstrong, Revelstoke, and Crawford Bay were stable societies with efficient management and loyal members. By 1936, their combined sales exceeded \$200,000 annually,<sup>2</sup> not enough to consider close integration by themselves, but enough to make them important parts of the provincial movement.

The most amazing co-operative developments on the west coast in the 1933-1936 period occurred in the fishing communities along the coast. The movement among the fishermen emerged from within themselves, the result of many factors, including several years of experimentation, ethnic solidarity, class-consciousness, comparative prosperity, and experience in other lands. Because of its internal motivation and self-help nature, the movement, like the wheat pool movement of the twenties, was destined to go from strength to strength.

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1. H.H. Hannam, "Co-operation Amongst Farm People in Ontario", V. Anderson, ed., Problems in Canadian Unity (Toronto, 1938), pp. 147-148.

2. C.C., September, 1937, pp. 10-15.

The first of the fishing societies to join the Union after the departure of the Sointula co-operators was the Prince Rupert Fishermen's Co-operative. It joined in 1933, shortly after it opened a distributive store to serve the needs of its own fishermen and of the fishermen who used Prince Rupert's port facilities during the fishing season. In its first year it retailed slightly over \$10,000,<sup>1</sup> a turn-over it gradually increased to \$80,000 by the end of the decade.<sup>2</sup> This growth, partly possible because of Keen's advice on practical matters,<sup>3</sup> was a remarkable accomplishment because of a variety of handicaps, including ethnic rivalries, the powerful opposition of alleged communists, the seasonal fishing pattern in the Prince Rupert area, and an indifferent body of customers.<sup>4</sup>

Another B.C. fishing co-operative came to the Union in 1934. The Kyuquot Trawlers Co-operative, located on the northwest coast of Vancouver Island, was organized during 1930 to provide some stability in the marketing of each year's salmon catch.<sup>5</sup> Among its early problems was an unrelenting federal tax collector who insisted that its

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1. C.C., September, 1934, pp. 8-9.

2. C.C., June, 1939, pp. 14-15.

3. See C.U.C., vol. 163, 1934 OY: file "Prince Rupert".

4. J. Roberts to Keen, February 23, 1934, ibid.

5. See A.V. Hill, The Tides of Change, pp. 35-38.

patronage dividends were taxable. Keen, taking advantage of the 1929 decision exempting dividends of agrarian and fishing co-ops from federal taxation, successfully pleaded the fishermen's case before Ottawa tax officials. In gratitude for this work, and because of its recognition of the need for greater education,<sup>1</sup> the Kyuquot Co-operative joined the Union.

These societies among the western fishermen added considerable economic strength--Kyuquot annually sold between \$150,000 and \$200,000 worth of fish and operated a \$30,000 store--but they were isolated, indifferent to most of the Union's problems, and, until the late thirties, incapable of synthesizing the British Columbian movement. Like the agrarian societies on the mainland, they at first tended to take a limited view of the movement and to be primarily concerned with immediate economic problems. Thus, from the Union's viewpoint, the key development in British Columbia during the mid-thirties appeared to be the emergence of bands of co-operative enthusiasts in the urban areas of the province. These bands, similar to the co-operative groups that appeared in Toronto and Montreal at the same time, had the "mystic" inclinations, the time, and the desire to push for a more integrated provincial movement emphasizing educational activities. For a while they appeared to be the hope of the British Columbian movement.

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1. See A.V. Hill, The Tides of Change, p. 41.



Late in 1933, at the same national executive meeting that saw the admission of the Kyuquot Co-operative, two urban B.C. societies were admitted.<sup>1</sup> One of these societies was the Rossland Co-operative Trading Society, a unique co-operative in North America. It was organized--with the Union's advice--during 1933 to meet the needs of miners living in Rossland and working in the mines of Trail. The miners pooled their resources, purchased ten cars and opened their own service station as a means of ensuring cheap transportation for themselves.<sup>2</sup> The other new society was the Common Good Co-operative, usually abbreviated to C.G. Co-op. This society, the special project of D.G. Macdonald, formerly of the United Farmers of Canada (B.C.), was brought to Keen's attention by Frank Eliason of the U.F.C. (Saskatchewan). Keen advised the society on a number of practical problems throughout 1932, and, in gratitude for his aid, it joined the Union in late 1933.

The C.G. Co-op was a combination distributive society and worker's co-partnership. It intended to serve the entire Vancouver area and also the nearby city of New Westminster by opening a number of stores to meet the needs of specific districts. It also operated a wood yard to provide fuel and

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1. C.C., January, 1934, p. 13.

2. J.E. Gordon to Keen, October 23, 1933, C.U.C., vol. 160, 1933 PY: file "Rossland".

lumber for its patrons and a garden to fulfill the needs of its stores. The employees working in the wood yard and garden were paid a minimum wage plus a bonus that varied according to the profit of the institution.

The C.G. Co-operative was largely a manifestation of the Depression. The worker co-partnership aspect, in particular, was designed to provide employment for some of the jobless in the Vancouver area. D.G. Macdonald was not the only British Columbian, however, who saw co-operation as a cure to some of the problems of the early thirties. In Armstrong, Robert Wood advocated increased co-operative activity as conditions continued to worsen between 1932 and 1934. In 1932 he contested for the office of reeve, running on a platform which stressed co-operative activities on a municipal level as a means of providing necessary services without massive public debt.<sup>1</sup> He lost, but ran on the same platform in the following year, only to lose again to "a man whose ideas begin & end with the inspection of dog-killed sheep...."<sup>2</sup> His defeat in 1933 further disgusted him because he was reportedly harmed politically by a rumour to the effect that Armstrong would lose provincial government grants if he was elected.<sup>3</sup> He became much more politically

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1. C.U.C., vol. 155, 1932 AD: file "Armstrong".

2. Wood to Keen, January 12, 1933, C.U.C., vol. 158, 1933 AD: file "Armstrong".

3. Wood to Keen, January 28, 1933, ibid.

active, therefore, arguing that co-operators had to take the initiative or risk persecution.

Wood, strangely enough in view of his conservative attitude on a number of issues, became a strong supporter of the C.C.F. in 1933. Wood agreed with Good's and Keen's criticism of the new party--that it had erred in drawing up a blueprint for a new social order--but he greatly admired some of the C.C.F. leaders, and he agreed with the party's appeal for moderate reform.<sup>1</sup> He helped in the organization of the provincial C.C.F. campaign in 1933 and in the same year formed a C.C.F. committee with D.G. Macdonald to investigate co-operation.<sup>2</sup> There was an urgent quality about Wood's activity demonstrated in a letter he wrote to D.G. Macdonald in 1934:

I think a crisis is not far distant and that the consumers' movement, being very slow in its development will be too slow to be of material help, except in so far as its ideals being very similar to Socialism, co-operative education and propaganda help to prepare the ground for the great economic changes which must come soon if we are to avoid disaster.<sup>3</sup>

The synthesizing of Wood's co-operative and C.C.F. enthusiasm was a fairly common development in British Columbia during the Depression years. In Vancouver especially, some ardent CCFers turned to co-operative work following the 1933 provincial election in which their party had gained

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1. Wood to Keen, September 4, 1933, C.U.C., vol. 158, 1933 AD: file "Armstrong".

2. Wood to Keen, November 20, 1933, ibid.

3. Wood to D.G. Macdonald, June 6, 1934 (Copy), C.U.C., vol. 161, 1934 AD: file "Armstrong Coop Soc."

almost one-third of the vote. Following the election, the party ceased to be an official political arm of labour,<sup>1</sup> and co-operation became one vehicle by which it hoped to reach uncommitted voters. Such prominent CCFers and C.C.F. sympathizers as Angus McInnes, Grace McInnes, Lyle Telford, and T.C. Dearlove became active in trying to promote co-operative solutions to Vancouver's problems. Telford--an enigmatic radio broadcaster, enthusiast for countless causes, and organizer of C.C.F. clubs--became particularly active. He popularized the movement through his radio programs, even though he probably was not too certain what the movement actually stood for, and he helped launch a semi-co-operative venture called "The Plenty for All Program".

"Plenty for All" was a private company whose major business was a small warehouse containing a limited stock of goods. The company purchased products in quantity, affixed a "Plenty for All" label on them, and wholesaled them to stores in the Vancouver area. Some grocers, seeing the popularity of the brand, opened "Plenty for All" stores and promoted their products enthusiastically. The company, with limited advertising costs because it capitalized on the general popularity of co-operation, made profits from royalties paid by the owners of the "Plenty for All" stores and from the mark-ups on goods sold to ordinary stores. The

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1. P.A. Phillips, *No Power Greater, A Century of Labour in British Columbia* (Vancouver, 1967), p. 109.

profits made from the operation went firstly, to pay the cost of Telford's radio program, secondly, to develop manufacturing plants on a co-partnership basis, and thirdly, to start co-operative stores.<sup>1</sup> The first priority was always looked after; there is no record of the other two being provided for.

"Plenty for All" was the first example of the new co-operative enthusiasm competing with the old. C.G. Co-op found it difficult to convince Vancouverites of the necessity for organizing stores or supporting existing ones because many believed that "Plenty for All" would eventually fulfill the needs.<sup>2</sup> "Plenty for All" even competed with goods purchased by C.G. Co-op from the British wholesales: it had its own brand of tea, which, to the horror of the C.G. Co-op, outsold C.W.S. tea shipped direct from co-operative tea gardens in Ceylon.

More important problems for the C.G. Co-op were created by the C.C.F. enthusiasts who began to press for greater activity in 1935 and 1936. Macdonald, like Keen, was suspicious of the C.C.F. interest in co-operation from the beginning, not because he distrusted the motives of the CCFers but because he feared their ignorance of "the principle methods, history & philosophy of the cooperative

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1. T.C. Dearlove, June 16, 1936, C.U.C., vol. 167, 1936 AC: file "C G Coop".

2. Ibid.

movement...."<sup>1</sup> The CCFers and other enthusiasts in turn were opposed to the scheme Macdonald had devised to develop co-operation in the Vancouver area. Briefly, Macdonald's plan divided Vancouver into districts, each district being further subdivided into locals. Each local had its own chairman, secretary, and executive committee, and sent delegates to the annual general meeting in proportion to membership. Delegates were also sent to special meetings of the district executives to co-ordinate district activities. Similarly, each district sent representatives to various committees of the entire co-operative, committees<sup>2</sup> on finance, education, organization, and distribution. This scheme, in the view of the new enthusiasts, was cumbersome and mitigated against sound management.

The dispute emerged in 1936. Partly in hopes of healing the breach and partly as a means of developing better educational activities, Grace McInnis and the CCFers invited Keen to visit the province in that year.<sup>3</sup> During the trip, Keen was impressed with the enthusiasm he found notably in Vancouver, where he made two public speeches and took part in a number of private discussions.<sup>4</sup> He advised the groups

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1. D.G. Macdonald to Keen, March 22, 1935, C.U.C., vol. 164, 1935 AD: file "C G Coop (New Westminster)".

2. D.G. Macdonald to Keen, January 28, 1937, C.U.C., vol. 172, 1937 AC: file "C G Co-operative".

3. Keen to R. Wood, May 27, 1936, C.U.C., vol. 167, 1936 AC: file "Armstrong".

4. C.C., August, 1936, pp. 15-16.

in the city--the C.G. Co-op, the new enthusiasts, and the Kagawa Extension Committee, a recently organized, semi-religious co-operative institution established in tribute to the Japanese co-operative leader, Toyohiko Kagawa--to<sup>1</sup> organize a Vancouver Co-operative Council similar to those developed in Toronto and Montreal. He hoped the Council would provide a forum in which differences could be resolved.

The British Columbia movement reflected the society from which it came: it was a divided movement, influenced by a variety of political philosophies, caught by the struggle between Vancouver and the hinterland, involved with problems of urbanization, and perplexed by the intense loyalties of B.C. activists for the numerous organizations they established. But, above all, the B.C. movement, like the province, had basic economic strength and considerable potential; the Depression could produce hardship--as it did--but it could neither destroy hope nor deaden the efforts of B.C. co-operators.

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But the divisions that had appeared within the movement in urban areas of B.C. reflected far more than merely

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1. Kagawa, a Christian and strong opponent of militarism, was one of the most prominent leaders of Japan's five million co-operators in 1936. He toured Canada in that year and made a vivid impression on Canadians in nearly every major Canadian city. The interest in co-operation that appeared in Toronto, Montreal, and Vancouver during that year was largely derived from his efforts.

provincial tensions. Underlying the problems in Vancouver was a confrontation almost universal within the co-operative movement: the struggle between idealism and pragmatism. The new co-operative enthusiasts of the Depression period, generally differed markedly from the leaders of the established co-operatives of the same period. In Vancouver, Toronto, and Montreal, especially, idealists emerged in considerable number; men and women who hoped that co-operation could help to bring about a better society within a short period. Frustrated by the collapse of capitalism, frightened by a steadily more inhuman world, they turned to co-operatism, seeing in it one of the few moderate avenues toward progress.

At the same time and in the same cities, other, more pragmatic enthusiasts appeared. They were less concerned about the long-range goals of the movement and more interested in creating economically-stable co-operatives that could meet their consumption needs. Generally, the pragmatists were overshadowed by the idealists, but they were strong enough to make themselves heard when they advocated following business policies that were perhaps unco-operative but successful in traditional business enterprises. The result was that the urban movements in Vancouver, Montreal, and Toronto were frequently, almost perpetually, divided into two competing camps throughout the thirties and beyond.

From the Union's viewpoint, the divisions were tragedies



because they disastrously weakened the first significant consumer co-operatives in Canada's largest cities. Moreover, for Good and Keen, the new enthusiasts, especially the idealists, did not approach co-operatism in the same way as the C.U.C. had since 1909. Their intellectual background, more influenced by twentieth-century reformers, was less mystic, more ideological, and much more aggressive. Thus, the Union, in trying to take advantage of the urban co-operative interest of the mid-thirties, was confronted by two groups that generally tended to disagree with its basic approach: on the one hand were the pragmatists who often ignored co-operative principle; on the other were idealists who frequently grew impatient with the movement's gradualism.

The Union confronted the pragmatists and the idealists in Toronto and other Ontario urban centres in three main ways: within affiliated societies; within educational circles; and in joint activities with political organizations. As discussed above, by 1932, a number of groups interested in consumer co-operation had emerged in Toronto. Late in that year, one of the groups, the United Co-operative of Ontario (also called the United Buying Circle), began to operate as an incorporated store serving a fairly loyal membership living near its premises. It made slow progress in the early months, but succeeded in keeping out of debt and in paying a dividend of five percent in its first quarter.

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1. C.C., January, 1933, p. 12.

In January, 1933, it began to publish its own educational and advertising journal, The East Toronto Co-operator, devoted to co-operative news of interest to its membership. It stressed the work of its women's guild, then one of the three fairly strong feminist co-operative groups in Ontario.

The Toronto and District Rochdale League, essentially a women's organization that had grown out of the defunct Toronto and District Co-operative Wholesale, continued to function in 1933 as a buying club and study group. It met weekly to discuss the movement's possibilities, and it sponsored public entertainment to raise capital for the purchase of co-operative literature. As a buying club, the League prospered reasonably well, declaring a dividend of ten percent on its 1932 operations, enough to maintain enthusiasm<sup>1</sup> and to attract the support of some sixty members.

The problem for such incipient co-operative organizations was that expansion beyond the buying club stage was extremely difficult. Although the United Co-operative of Ontario, which became the East Toronto Co-operative in July, 1933, opened its own store, its total sales did not improve significantly. In 1932, as a buying circle, it distributed \$3,200 worth of merchandise;<sup>2</sup> in 1933, as a store, it sold \$7,000;<sup>3</sup> and in 1934 it sold only \$10,000, an insignificant

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1. C.C., June, 1933, pp. 14-15.
  2. C.C., August, 1933, pp. 10-11.
  3. C.C., July, 1935, pp. 8-9.

amount in the immense Toronto market. The Toronto Rochdale League, which never went beyond the buying club stage, by 1934 was retailing nearly \$8,000.<sup>1</sup> The technique so long advocated by George Keen--careful study, the organization of a buying club, and the cautious, eventual establishment of a store--just was not working rapidly enough. And each year that the movement languished in the large cities permitted its chain store competitors to solidify their hold on urban markets.

In 1934 pragmatic co-operative groups in Toronto began to seize the initiative. They organized a new co-operative organization, the Toronto and District Co-operative Council, pooling the educational and advertising resources of the East Toronto Co-operative, the Toronto Rochdale League, and the co-operative Purchaser's Society, a buying club not affiliated with the C.U.C.<sup>2</sup> Led by F.E. Titus of the East Toronto Co-operative, the Toronto Council sent a number of delegates to the Ontario conference held after the 1934 Toronto Congress. These delegates carried with them a sense of frustration caused by the increasing power of their retail competitors and by the slow development of their own organizations.

At the conference, the Toronto delegates pressed for the more rapid development of a provincial collective buying

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1. C.C., July, 1935, pp. 8-9.

2. For copies of the Council's mimeographed circulars, see C.U.C., vol. 71, 1934 SW: file "T".

scheme. All of the Ontario societies reacted favourably to this suggestion as it would make cheaper goods available and provide greater stability.<sup>1</sup> Timmins, steadily growing, surpassing the communist society from which it had sprung, was particularly interested in a wholesale. With a retail trade of over a quarter million dollars in 1934,<sup>2</sup> it was in a position to gain some of the reductions made possible by large volume, but, more importantly, it could see vividly the possibilities of even larger volume. G.M. Haapanen, representing the Timmins society at the Union meetings, recognized the problem of amalgamating the demands of all societies, but he offered the facilities of his society for all Ontario co-operatives,<sup>3</sup> especially those in the North.

There was a sense of urgency about the discussions of the Ontario conference, partly because of the frustration of the urban co-operators, but also because of the policies of the provincial government. One of the few profitable forms of consumer co-operation that had emerged in the early thirties had been co-operative dairies. In 1934 the Hamilton Co-operative Creameries joined the Union, adding its \$250,000 annual turnover to the \$40,000 annually sold

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1. The existing Co-operative Wholesale Society still served only Durham and Grey Counties. It specialized in agricultural needs and was of no value to urban societies.

2. C.C., July, 1935, pp. 8-9.

3. C.C., October, 1934, p. 19.

by the Sudbury Producers and Co-operative Dairy.<sup>1</sup> In the same year it appeared as if the Community Co-operative Dairy in Toronto, after some initial set-backs, was ready to begin business. At that juncture, however, the government, through its Milk Board, announced that it was illegal for dairies to declare patronage dividends. From the viewpoint of Ontario co-operators, this announcement indicated a basic hostility on the part of the government and meant that the dairy movement had to assert its influence vigorously or risk destruction.

The leaders of the Ontario movement believed that the Milk Board had made its decision because of pressure from large dairies frightened by the growth of the Hamilton Co-operative Creameries. Organized by milk drivers in Hamilton as the result of a bitter strike, it had expanded rapidly with the aid of Humphrey Mitchell, the Liberal M.P. In 1933, following a severe price war, the Hamilton dairy had prospered, extending a two percent dividend to its patrons and a two percent bonus to the producers for the amount of milk supplied.<sup>2</sup> Their alarmed competitors complained to the recently established Milk Board, organized by the Henry government to stabilize the dairy industry. The Milk Board supervised a type of compulsory pool whereby the whole milk producers of the province and the dairies

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1. C.C., July, 1935, pp. 10-11.

2. C.C., October, 1934, p. 26.

annually negotiated to establish mutually satisfactory wholesale and retail prices. This system restricted competition among the dairies to the disadvantage of the consumers, but it did place milk producers in a secure position.<sup>1</sup>

The Hamilton Creameries created a problem because their dividend could be interpreted as a reduction of the standard prices agreed upon by the producers and consumers under the Milk Board. This "reduction" was made possible by the fact that, unlike its competitors, the creamery spent little on advertising and paid a low, fixed interest on capital. Otherwise, its expenses were about the same if not higher: it paid the prevailing prices to its suppliers, and it paid slightly above union rates to its inside workers and delivery men.<sup>2</sup> In this one instance, at least, the co-operative approach had worked well in an eastern urban setting and had aroused the fears of its competitors.

When the Milk Board prohibited the use of patronage dividends by dairies, it quickly found out that it did not legally have the power to do so. The Henry government, however, had every intention of providing the Board with the power it needed, and the Liberal opposition--soon to be elected to office under Hepburn--showed no real interest in taking a contrary position. Thus, at the 1934 Ontario conference the problem of the Milk Board and the unsympathetic

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1. H.H. Hannam, "Co-operation Amongst Farm People", pp. 142-144.

2. C.C., October, 1934, pp. 16-17.

attitude of the provincial parties were the subjects of considerable discussion. The conference emphasized that the co-operative viewpoint must be made known, and it made the committee already established to investigate wholesaling responsible for forcefully presenting the co-operative viewpoint on the dairy question. Along with Keen and Good, the committee was made up of W.A. Amos, president of U.F. Co-op, and four leaders from the Hamilton Co-operative Creameries, including Samuel Lawrence, M.L.A. and Humphrey Mitchell.<sup>1</sup>

The committee embarked upon an extensive campaign to present its point of view. It circulated a short statement of its position to the daily press of the province emphasizing the anti-social attitude of the Board and, it appealed, with only partial success, for the support of all Trade and Labour Councils in the province. But, most importantly,<sup>2</sup> it sought to present its case to the Ontario government. Keen wrote a strong letter to Hepburn arguing that the prohibition of patronage dividends would be against the practice of both American and British governments. In the United States, Roosevelt, through executive order, had excluded co-operatives from all attempts at price fixing, and, in Great Britain, the Conservative government--hardly friendly to the Labour Party's political ally--had vetoed

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1. C.C., April, 1935, p. 12.

2. Keen to H.H. Hannam, October 4, 1934, C.U.C., vol. 71, 1934 SW: file "U". Keen to "Cooperative Societies of Ontario", January 24, 1935, C.U.C., vol. 78, 1936 HM: file "Miscellaneous".

an attempted elimination of dividends by the British Milk Marketing Board. To deny the use of dividends to Ontario's co-operative dairies, therefore, would be reactionary and not contemplated by conservatives in other countries. It would also be illogical: the Hamilton dairy was incorporated under the co-operative part of the Ontario companies act-- the part which insisted that surpluses be distributed on a patronage basis; how could the government pass an act forbidding a company to do what its Letters Patent ordered it to do?

Keen did not gain a hearing by appealing to Hepburn, and W.C. Good had little more success. The Union president, a milk producer himself, arranged for an interview with Duncan Marshall, Minister of Agriculture, and with some officials of the Milk Producers Association. He tried to point out that the co-operators were not attempting to curtail the profits of the producer but to reduce the charges of the middlemen for the benefit of the consumer. His arguments did not have much impact, partly because the granting of purchase dividends would present some policing difficulties for the government, and partly because some of the leading dairy farmers were heavy investors in the traditional capitalist dairy businesses. In Keen's and Good's view, too, the board was influenced, if not controlled,

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1. Keen to M. Hepburn, October 5, 1934, C.U.C., vol. 70, 1934 MR: file "P".

2. C.C., April, 1935, pp. 12-13.



by the big chain dairies, such as Borden's, which were  
 anxious to prevent the development of co-operative dairies.<sup>1</sup>

Good's attempt to present the co-operative viewpoint beyond the interview was frustrated by the Minister. Marshall refused the co-operators the opportunity to argue their case before an appropriate committee of the Legislative Assembly. The Legislation he intended to introduce, which would forbid the use of patronage dividends by dairies, was an amendment of an existing act and, according to Ontario practice, did not need to be referred to a committee.<sup>2</sup> The final board of appeal was the Milk Board which, consisting of a large milk producer and a creamery proprietor along with the Minister, would hardly overrule itself. Good and Keen particularly blamed Marshall who, in contrast to the sympathetic ministers of agriculture in other provinces, had shown little sympathy for true co-operation. Indeed, as Keen wrote: "He has proved himself to be about the most unreasonable political opponent to our Movement this country has seen."<sup>3</sup>

Although the committee did as much as its finances and power would permit, it was soon obvious that it lacked the strength to apply much pressure on the government. Not

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1. Keen to W. Waldron, May 9, 1935, C.U.C., vol. 75, 1935 SY: file "W".

2. C.C., April, 1935, p. 12.

3. Keen to W. Waldron, April 11, 1935, C.U.C., vol. 75, 1935 SY: file "W".

only did it fail to elicit a favourable response from the Board, but the Union had failed through the years to secure either financial assistance or legislative protection from the Ontario government. Similarly, the Union had not gained any acceptance of the idea, popular in co-operative circles in 1934, that the Hydro Electric Commission be removed from government ownership and be placed under the control of elected boards of consumers.<sup>1</sup> These failures, combined with the continuing obstacles to the development of urban societies, produced a serious split in the Ontario movement in early 1935.

The split came in Toronto when co-operators became particularly frustrated about the Milk Board decision because it doomed the promising Community Co-operative Dairy. This frustrating experience precipitated an effort by the Toronto co-operators to succeed where the Union had failed in creating a united provincial movement. F.D. Price of the Dairy and F.E. Titus sparked this effort which began in late 1934. Titus was the more aggressive of the two men, and, in the past, he had been the most critical of the Union's efforts. Titus had long criticized the Union's continuous concern for purity and had repeatedly advocated co-operation with some semi-co-operative ventures that had recently appeared in Toronto. Titus especially wanted the Union to work closely with the Continental Co-operative

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1. See "Resolutions Passed at the Ontario Co-operative Conference, Toronto, September 25, 1934", C.U.C., vol. 70, 1934 MR: file "P".

Stores Limited. This organization, promoted by W.E. U'Ren and M.W. Kellerman, was actually an agency which sold "memberships" entitling customers to discounts at select stores operated by private merchants.<sup>1</sup>

Keen, of course, was incensed with the idea of working with such an organization and dismissed the idea so abruptly that he encouraged the notion that he approached the movement too narrowly. The result of the dismissal and of the problems discussed above was that Titus and Price, without consulting the Union, called a special emergency meeting for all Ontario co-operatives in Toronto on February 7, 1935. The justification for this action was that the Union had failed to unite the "about 170 unaffiliated societies" in Ontario in an organized drive to influence the government's view of co-operation.<sup>2</sup>

Suspicious of the sincerity of the men responsible for this unauthorized meeting and fearful that its own position would be usurped, the Union issued a counter-announcement. This announcement declared that, while the Union did not object to co-operative societies meeting together or meeting with quasi-co-operatives, it did not authorize the coming meeting and would not be bound by it. The announcement also rejected the criticisms of the Union implicit, and sometimes

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1. Keen to R.A. Palmer, January 22, 1935, C.U.C., vol. 73, 1935 CI: file "Co-operative Union of Gt. Britain".

2. F.D. Price to Good, January 11, 1935, C.U.C., vol. 164, 1935 AD: file "Community Co-op Dairy".

overt, in the activities of the Toronto men organizing the meeting. The Union protested that it was doing everything possible to gain a favourable ruling on the dairy dividends question; that the organizers had greatly over-estimated the number of effective co-operatives existing in Ontario; and that the Union had to make certain that co-operative principles were upheld.

The counter-announcement by the C.U.C. effectively undermined the Conference. None of the leaders of the United Farmers attended; not even the Toronto and District Rochdale League--which had recently taken over the East Toronto Co-operative and formed a new society, called <sup>1</sup> Co-operative Service--would send representatives. The organizers, rather irrationally, bitterly attacked the Union's leaders for issuing what, after all, was merely a self-protective statement. F.D. Price wrote: "It looks to me as if two or three men have assumed that they constituted themselves the Co-op Union of Canada which was a serious <sup>2</sup> error."

W.C. Good sought to resolve the dispute by assuring Price and Titus that the C.U.C. executive was not trying to be autocratic in regulating the co-operative activities of its affiliates. The executives' only concern was that the

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1. M. Love to Keen, January 29, 1935, C.U.C., vol. 165, 1935 EM: file "East Toronto Co-op Soc."

2. F.D. Price to Good, February 8, 1935, C.U.C., vol. 164, 1935 AD: file "Community Co-op. Dairy".

movement become consolidated without associating with mis-informed or fraudulent co-operative promoters. In the role of an elder statesman he wrote:

...I have had some twenty-five years' experience in this work in the province and have seen a good many disasters which have resulted from more or less of a mushroom promotion by those who had no adequate idea of what co-operation meant. Every time a depression comes on we have quite a lot of these promotion schemes to deal with; and I can very distinctly remember several of them connected with the 1913 depression, the 1921 depression and the recent one. It is not jealousy on our part to be somewhat apprehensive of a lot of these schemes because we have had a great deal of rather painful experience, not that the Union has suffered any losses, but that a great many people in the province have lost tens of thousands of dollars through unwise and unco-operative promotions using co-operative sentiment as a basis.<sup>1</sup>

The outcome of the dispute was that Titus and Price formed their own provincial co-operative agency called the Provincial Advisory Council. The Council never became a threat to the Union in the province generally despite its efforts to entice the support of many groups and individuals known to be C.U.C. supporters. They even tried to gain the support of Good whom they wanted to leave the Union and join their organization. But the Council did dissipate whatever support there had been for the Union in Toronto. The Union's remaining affiliate, Co-operative Service Ltd., was a weak organization, inadequately led, without a large market, and dependent upon the self-sacrifices of a few

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1. Good to F.D. Price, February 11, 1935, C.U.C., vol. 164, 1935 AD: file "Community Co-op. Dairy".

members. The promising flurry of activity that had started in Toronto in the early thirties had come to an end, frustrated by slow growth and torn by internal dissension.

## viii

The advent of the Provincial Advisory Council marked the departure of the more pragmatic wing of the Toronto-centred movement. As for the idealists, they had little impact upon the affiliated societies in Toronto with the single exception of the Robert Owen Foundation. In 1932 this organization established its first labour co-partnership, an overalls-manufacturing factory called "Work-Togs".<sup>1</sup> While somewhat pessimistic about this project, Keen aided its development and, with some adjustment of Union regulations, admitted it to membership.<sup>2</sup> He also undertook to advertise the new institution throughout the movement, hoping to find good markets for the new concern.<sup>3</sup> He hoped that Work-Togs would prosper and so become the first of many Canadian businesses in which workers controlled their own working lives.

Work-Togs, however, was not to be the dawn of a new day for Canadian labour. It started promisingly enough, with the Foundation's leader, Henri Lassere investing

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1. For a more detailed summary of "Work-Togs", see W. Thomson, Pioneer in Community, Henri Lassere's Contribution to the Fully Cooperative Society (Toronto, 1949), pp. 59-63.

2. "Circular No. 6 of 1932", C.U.C., vol. 217, Monthly Bulletins, 1931-1936: file "1932".

3. C.C., June, 1932, p. 11.

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3. C.C., June, 1932, p. 11.

\$15,000 of his own funds in its development.<sup>1</sup> Under the original plan, the workers had limited authority in the plant, but as their reliability was established, they would gain power until they had complete authority. This emphasis on slow development was necessary, the organizers believed, because most Canadian workers did not have "sufficient co-operative spirit and intelligence" to direct their own affairs properly.<sup>2</sup> In time though, the workers would operate the plant, pay back the original investors, and keep whatever profits they could earn.<sup>3</sup> Eventually, too, the Foundation hoped the workers would see the universality of the co-operative system and would undertake the organization<sup>4</sup> of communal societies like those envisioned by Robert Owen.

The factory operated for less than a year before it closed in 1933. Although the Depression was certainly one cause of the failure, the most prominent factors were poor business policies followed by the company's leaders. It had a very complicated financial structure; it lacked experienced businessmen; it failed to collect accounts; it had high labour costs in an industry with generally low wages;

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1. Keen to R.L. Stutt, March 19, 1943, C.U.C., vol. 199, 1943 SY: file "Sask. Wheat Pool".

2. Keen to J.G. Mohl, May 13, 1932, C.U.C., vol. 156, 1932 ED: file "Edenwold".

3. Ibid.

4. Keen to R.L. Scott, March 19, 1943, ibid. To insure that the workers would divert funds to other enterprises, the establishing committee restricted the amount of profits workers could withdraw to ten percent. Any profits above this amount would be diverted to other purposes.



and it never developed a strong board of directors.<sup>1</sup> By early 1933, thousands of dollars had been lost, and the company was forced to close. The best of intentions and adequate sums of money were not enough to secure success.

With the failure of Work-Togs, the Foundation's leaders became very discouraged and nearly left the movement as quickly as they had entered it. Keen argued strenuously against the Fellowship's disbandment, believing that it could perform useful services. He wanted the Foundation to confine itself to educational work and particularly to the organization of study clubs in Toronto. At the same time, interested members could begin a thorough examination of the business side of the movement so that future labour co-partnerships would not crumble so quickly. In his view<sup>2</sup> "...we need to learn before we undertake to teach."

Throughout the mid-thirties Keen and one or two others in the Foundation pressed for its continuation. Eventually they succeeded, and in 1936 the Foundation, never hesitant to develop new organizations, established the Ontario Society for Education in Co-operation.<sup>3</sup> The new organization was not affiliated with the C.U.C.--although relations were close--because there were some disagreement over its future

1. C.C., June, 1932, p. 11. See also C.U.C., vol. 160, 1933 PY: file "Work Togs".

2. Keen to H. Lassere, February 9, 1933, C.U.C., vol. 65, 1933 KR: file "R".

3. Various letters, C.U.C., vol. 79, 1936 MS: file "Ontario Society for Education in Co-operation".

role and membership regulations. The Union wanted the society to become an educational institution exclusively interested in Toronto, leaving the remainder of the province to the C.U.C.; in contrast, the society wanted to undertake province-wide activities, perhaps becoming a provincial union. Another problem was that the Union, before agreeing to the Foundation's pre-eminence in Toronto, wanted to have some control so that connections with quasi-co-operative organizations could be avoided. The C.U.C. was very concerned about this matter because several joint-stock associations masquerading as co-operatives were appearing in Toronto during the thirties, and the Union could not afford to be associated with them in any way. When neither of these disputes was resolved to the Union's satisfaction, it had little choice but to refuse admission to the Ontario Society for Education in Co-operation.<sup>1</sup> Thus, yet another institution established by "intellectuals" interested in co-operation had failed to be of much use to the Union.

Although Union executives and the academic activists of Central Canada were partly responsible for the failure of

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1. The Society did not undertake much work during the mid-thirties but it, along with its parent body, the Robert Owen Foundation, became quite active in the early forties.

Despite the refusal of the Society's application for membership in the C.U.C., relations between it and the Union were always quite good. The Society, for example, was not active in leading the critical crusade against the Union conducted by Toronto co-operators in 1935.

joint projects, the ultimate cause of their destruction was the inability of Central Canadian universities to play a pragmatic role in the community. Unlike their counterparts in the Maritimes, the West, and British Columbia, the Ontario and Quebec universities traditionally were not involved in community action; rather, they were retiring and devoted to pedagogy and scholarship. The Workers' Education Association, the League for Social Reconstruction, and the Robert Owen Foundation were the first attempts at breaking down the ivory towers, and they were tenuous, wracked by ideological and personal disputes, and incapable of producing much effective power.

The failure of universities in the two central provinces was one reason for the movement's uneven development. Universities in the "hinterland provinces", notably the University of British Columbia, the Prairie institutions, and St. Francis Xavier were strong supporters of the movement, though in some instances, they were less interested in mystic co-operatism than the Union wished. Those universities, influenced by American and European examples, and perhaps having more obvious tasks to do, were more integral parts of the communities in which they lived. When their professors went forth to stimulate social action, they were simply doing what was expected of them; when the activists in Central Canada went forth, they were doing what was unexpected and, for many, unwanted.

## ix

Not all of Good's and Keen's relations with Central Canadian academies, however, produced discouraging results in the mid-thirties. Indeed, one of the most satisfying aspects of George Keen's work in the period was his involvement with the Workers Educational Association, an institution that owed much to academic activism. His involvement and W.C. Good's lesser participation developed naturally out of the approach the two men had taken in their co-operative endeavour. Both individuals accepted Robert Owen's contention that man's character was shaped by his environment and that, within this environment, education or its lack was a most important determinant. They agreed, too, with Owen's notion that education must have the final purpose of preparing individuals for a full life in the community. It should be general, affecting all children, and, most importantly, all adult citizens as well; the adults were particularly significant because they were the most contaminated by the abuses of competitive capitalism, and because they were to form the basis of the co-operative movement.

The concern for adult education was also another manifestation of the British orientation of the C.U.C. leadership. In Great Britain the co-operative movement, following in Owen's tradition, had been a major factor in the development of worker's education. Albert Mansbridge, a sometime

employee of the Co-operative Wholesale Society, had formed the Workers' Education Association in 1903.<sup>1</sup> The W.E.A. had expanded very quickly in the early twentieth century, relying primarily upon the tutorial class, its own remarkable contribution to teaching techniques. The tutorial, combining lectures with discussion hours, written assignments, and limited numbers had been fully developed by 1910; its development, associated with the work of the historian, R.H. Tawney, had permitted the W.E.A. to alter university extension from an excessive cultural orientation to a more pragmatic tradition.

The W.E.A. had spread to Canada in 1917 when Albert Mansbridge had conducted a whirlwind tour of Imperial education centres.<sup>2</sup> He had a particularly strong impact in Toronto, his efforts having prompted the Trades and Labour Council and the University of Toronto to organize a full-fledged Association for the city in 1918. Financed by the University, the movement had grown very rapidly in the early twenties in Toronto. By 1923, branches had been established in Ottawa, Hamilton, Brantford, Galt, London, and Windsor,<sup>3</sup> and the provincial movement was well underway.

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1. G.D.H. Cole, One Hundred Years of Co-operation (Manchester, 1944), p. 236.

2. \_\_\_\_\_, Workers' Educational Association, Golden Jubilee (Toronto, 1953), p. 11.

3. C.M. McInnes, "Canadian Adult Education in 1925", J.R. Kidd (ed.), Learning and Society (Toronto, 1963), pp. 13-14.

In 1922 the W.E.A. had come to Brantford where it had attracted an enthusiastic response from local citizens, including George Keen. To some extent, the immediate response had been made possible by similar activities undertaken by earlier organizations. The Social Progress Class conducted by the Congregational Church had been one forerunner, and so had the People's Forum organized locally near the end of World War One. Keen had served as a catalyst for the latter, just as he had been a pillar of strength for the former.

The Brantford W.E.A. had been directed in the early days by J.A. Dale of the University of Toronto, but it had been essentially operated by local leadership. W.C. Good had been active in the early years, his major contribution having been in the leadership of several meetings devoted to examining the emerging split between rural and urban life. Another local co-operator, A.W. Burt, for many years a member of the United Board, had also served as a tutor for the Association. Keen had become a vice-president of the local Association and an alternate delegate to the Association's meetings in 1925.<sup>1</sup>

The Depression, by imposing new demands on educational resources and by emphasizing the contemporary crisis of

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1. Keen to Good, May 13, 1925, C.U.C., vol. 34, 1925  
AG: file "W.C. Good".

capitalism, permitted the expansion of the W.E.A. in the early thirties. With its growth, George Keen's role in the movement became more important. Although he sympathized with the notion that the W.E.A. should become exclusively an organization of labourers, his long-standing interest in the movement and his high reputation among Brantford labourers led to his appointment as Brantford delegate to the 1930 Annual Conference.<sup>1</sup> In 1931 and 1932 he was elected the second vice-president of the Ontario W.E.A., to that time the only provincial organization in Canada. In the latter year, Keen was also a tutor at the Association's first summer school for workers, held at Newmarket during August and September.<sup>2</sup> Keen used this opportunity to point out the close connection between co-operation and the W.E.A., and spoke on "Co-operation in a Planned Economy".

In 1933 Keen was elected president of the W.E.A., a post he held for two years. Keen's election was due to his past services, his deep interest, and to the W.E.A.'s desire to escape from too close identification with Toronto. As president, Keen relied heavily upon Drummond Wren, the W.E.A.'s longtime secretary, first appointed during the difficult years of the late twenties. The two worked well together, partly because they were already associated in an

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1. Keen to A.B. Macdonald, September 29, 1930, C.U.C., vol. 54, 1930 NW: file "S".

2. See Brochure, C.U.C., vol. 62, 1932 SW: file "W".

effort to stimulate co-operation in Toronto, and partly because they shared a number of ideas on the needs of workers education. The two men, for example, were very anxious to extend the program to include classes for Canadian farmers, hoping in the process to bring about the fusion of these two groups.<sup>1</sup>

Wren's efforts among farmers started with appeals to the declining United Farmers of Ontario in 1934. Keen and Good, anxious to broaden the farmers' movement, facilitated this attempted co-operation. They were not too successful, however, partly because the Ontario agrarian organization, through its New Canada movement, was already undertaking a similar project.<sup>2</sup> Nevertheless, a tenuous connection was maintained, and, in a sense, the two did eventually coalesce. In 1936, the W.E.A. organized Agricola Clubs among farmers, and it supplemented lecture tours among these with radio talks. Eventually, these talks were enlarged to become Labour Forum, the forerunner of Farm Radio Foreum, a veritable

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1. Keen to J.V. Meagher, January 17, 1934, C.U.C., vol. 69, 1934 EM: file "M".

2. The New Canada Movement was organized in November, 1933, and made a strong impact for about one year. It sought to band young farmers together for the task of rebuilding Canada by methods to be evolved as the needs arose. Affecting only a small segment of rural Ontario, it nevertheless produced some important leaders notably Ralph Staples, son-in-law of J.S. Woodsworth, and longtime executive of the C.U.C. See G.F. Kaplan, pp. 97-98. There was an earlier "New Canada Movement" organized in 1924 among the remnants of the People's Forum Movement. In contrast to the agrarian orientation of the 1930's movement, it was specifically opposed to class consciousness of any kind. See F. Grierson to Good, September 27, 1924, G.P., vol. VII: file "1924 AD".



institution of Canadian rural life in the forties and fifties.<sup>1</sup>

Keen's presidency coincided with a W.E.A. resurgence, though his part in the growth could only have been minor. Nevertheless, Keen's ideas were typical of those behind the movement, and his efforts were not without some effect. In his presidential address for 1934 he provided a statement of the intellectual framework for the Association, and, by implication, for the related co-operative movement.

The first major point Keen made in his address was that democracy as a political and social system was deservedly under attack throughout western civilization.<sup>2</sup> In his view, "democracy", as it had developed over the preceding century and a half, was a thinly disguised aristocracy dominated by wealthy opportunists. The sham was made possible by the astute, though occasionally unselfish, governing by elites and by the complexities of economic and social developments. These complexities, related mostly to the Industrial Revolution and urbanization, had been deepened by World War One and the Depression leading many to advocate fascism and dictatorship.

In contrast to the growing anti-democratic movements, the workers' education and co-operative movements argued vigorously that the achievement of democracy was more

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1. \_\_\_\_\_, Workers' Educational Association, Golden Jubilee, p. 19. The C.U.C. became a sponsor of Farm Radio Forum in the early forties.

2. For a copy of the address, see C.U.C., vol. 71, 1934  
SW: file "Workers Educ. Assn.".

The difference between Keen and the L.S.R. was essentially the traditional difference between co-operators and socialists.<sup>1</sup> The two movements generally had found much in common, so much so that in Great Britain they had coalesced on the political level. They shared a deep aversion to traditional capitalism which both believed exploited the many for the few and produced an environment that restricted man's full development. They shared, too, a belief that industry should be reorganized on the basis of production for use instead of for profit. They differed because co-operators emphasized the importance of local initiative, the necessity of mass education before action, and the importance of co-operation as "a state within a state". Co-operators of the orthodox variety were strongly imbued with the ethical, peaceful, gradual sentiments so common in reforming circles of Victorian Britain; the socialists, in contrast, were more attuned to the class concepts of Marx and to the emphasis on nationalization much more in vogue at the turn of the century.

In contrast to Great Britain, where the subtly different approaches to reform blended and sustained each other, the two viewpoints did not mingle as easily or as beneficially in Canada. Symbolically, the fate of the Brantford Fellowship for Social Justice indicates one aspect of the

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1. See G.D.F. Cole, A Century of Co-ops, p. 352ff.

strained relationship between the two movements. After a relatively promising beginning as a reform agency, the Fellowship disintegrated in 1933 because of a local surge of interest in the L.S.R. More exciting, with a definite program, numerous attractive spokesmen, and a clear-cut, relevant philosophy, the League soon attracted most Brantford reformers in the 1930's. Keen, although sympathetic to the L.S.R., did not join in the migration; true to his aversion to extensive state ownership and concerned about how politics could impair his co-operative stewardship, he remained aloof.

Keen's aloofness meant that the L.S.R. and the party it helped to create did not rely upon the C.U.C. for advice on co-operation.<sup>1</sup> The Toronto L.S.R. invited Keen to address them on the movement but were disappointed about the results;<sup>2</sup> Keen discussed only the co-operative movement, refusing to consider the general relationship between co-operation and politics. From the viewpoint of the L.S.R., this refusal indicated a basic weakness in the C.U.C. approach and made Keen appear as a rather superficial thinker. His methods were too slow and too cautious in an age of rapid economic and political change; he was much like the fire-fighter marching bravely forward with a garden hose to

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1. In the East the L.S.R. relied upon the work of George Mooney for its advice on co-operation. In the West Norman Priestly apparently provided most of the ideas and philosophy.

2. Interview with F.H. Underhill, May, 1968.

combat the engulfing flames of a forest fire.

Keen's defence, though, is not without its reasonable arguments. By the 1930's he had had over twenty years' experience in co-operative endeavours, and he had witnessed the failing efforts of many zealots from the U.F.O. to the I.L.P. He had lived through a particularly trying period for the Union caused by co-operators sympathetic to communism, and he had watched strong societies disintegrate because of ideological debate. Close association with politicians had never been beneficial and had frequently been harmful to the C.U.C. No wonder, then, that he refused to be too enthusiastic about yet another political movement anxious to serve as the knight errant of co-operation; no wonder that he sought to keep the Union carefully tending its own fief while the C.C.F. entered what to him was the noisy, largely futile tournaments of political life.

W.C. Good viewed the C.C.F. in much the same way as George Keen. Good participated in the Brantford L.S.R. to a limited extent, and he maintained his friendship with the members of the "Ginger Group" partly responsible for the creation of the C.C.F. He was marginally active in the party's formation, and he went west to the 1933 C.C.F. Regina Congress as a U.F.O. representative. After reading a rough draft of what became the Regina Manifesto, he was dismayed for three basic reasons: he criticized the Manifesto's doctrinaire approach; he opposed its omission

of planks calling for electoral reform; and he deplored its emphasis on state as opposed to co-operative ownership of the economy. Good made his misgivings known and even prepared his own reform program calling essentially for a pragmatic approach emphasizing co-operatism; but he was ignored, and when the final vote on the Regina Manifesto was taken, he alone voted against it.<sup>1</sup>

In summation, therefore, the Union did not affiliate with the C.C.F. because it did not believe that the Co-operative Commonwealth could be achieved by socialism and because it was not strong enough to survive the pressures which would result from political affiliation. The British movement, when it associated itself with the Labour party, was powerful enough to resist domination by the politicians and to survive the departure of those implacably opposed to socialism. The Canadian movement was not: within its ranks the non-socialists were certainly more powerful than the socialists, and, assuming that it could survive the departure of conservatives, it never had the strength to affect C.C.F. policies. Political action was a luxury the Union could not afford.

The C.U.C., however, could not avoid some involvement with the co-operative interest stimulated by the L.S.R. and C.C.F. in the 1930's. Despite misgivings about the political

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1. For a more complete description of Good's position, see Good, Farmer Citizen, pp. 199-207.

overtones, Keen assisted in the co-operative efforts of the two organizations by preparing memoranda on buying clubs for the C.C.F.,<sup>1</sup> by speaking to party gatherings,<sup>2</sup> and by advising specific C.C.F. purchasing clubs as they emerged.<sup>3</sup> Similarly, W.C. Good undertook some co-operative evangelizing among C.C.F. members, notably the party members elected to Parliament in the 1935 election.<sup>4</sup> This assistance was given even though it occasionally proved harmful by creating competition for existing affiliated societies.

The C.C.F. co-operative enthusiasms also created some problems within the ranks of existing affiliated societies. In Niagara Falls, during 1935, a new society with some promise was destroyed because of political bickering. Some of its membership was enthusiastic about the C.C.F. while others were not, with the result that serious divisions occurred over even minor questions of policy.<sup>5</sup> Similarly, in the Wentworth Co-operative Society, a new organization serving the Hamilton area, political divisions seriously undermined its effectiveness.<sup>6</sup> These disputes, which were repeated

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1. Keen to D.L. Aiken, June 1, 1936, C.U.C., vol. 78, 1936 HM: file "M".

2. Keen to H. Orloff, May 10, 1935, C.U.C., vol. 72, 1935 AC: file "C".

3. Keen to D.L. Aiken, June 1, 1936, C.U.C., vol. 78, 1936 HM: file "M".

4. G. MacInnes to Keen, May 11, 1936, C.U.C., vol. 79, 1936 MS: file "Mc and Mac".

5. G.L. Powell to Keen, November 22, 1935, C.U.C., vol. 74, 1935 JR: file "P".

6. Exchange L.S. Purkis and Keen, C.U.C., vol. 85, 1937 NT: file "P".

with varying degrees of intensity in Montreal, Toronto, and Sydney Mines, were the result of political alliances and friendships being carried over into co-operative affairs. Certainly, they were not, in contrast to the activities of the Communist party in Northern Ontario, the result of an official party policy: in 1936 the C.C.F. National Conference in Toronto advised members to support and initiate co-operatives on a non-partisan basis. The fact that this directive was not always obeyed indicates simply that the national executive had little influence over the organizations affiliated with the party.

The most important semi-C.C.F. co-operative developments occurred in Montreal and Toronto, two centres where the Union had been dismally unsuccessful in the past. The Montreal development was the most promising of the two, amalgamating, as it apparently did, C.C.F. members, British immigrants, trades unionists, and independent sympathetic citizens.<sup>1</sup> During 1934 and 1935, a number of co-operative institutions emerged as a result of the interest of these groups. Among these, an organization in Notre Dame de Grace called Co-operative Society (Rochdale Plan) showed the most interest in the Union's activities. In September, 1935, it joined the Union, and, for the remainder of the year and for much of 1936, it repeatedly sought information on various

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1. The C.C.F. involvement in efforts at stimulating co-operative endeavours in Toronto were marginal. For an examination of Toronto developments during the thirties see below, p. 686ff.

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matters from the Union's Brantford office.

A better publicized organization, built upon five small societies in the Montreal area in 1934 and 1935, was the Montreal Co-operative Council. The Council consisted of a number of intellectuals, including F.R. Scott, F.M. Aykoyad, R.B.Y. Scott, and G. Mooney, who were active in the L.S.R. and C.C.F. The relationship between this Council and the Co-operative Society (Rochdale Plan) were never very close despite the efforts of many individuals in both groups. At first, the division was immaterial because the Council was not very successful, and the societies it guided, including the confusingly-named Montreal Co-operative Society (Rochdale Plan), were not as prosperous as the Notre Dame de Grace organization.

Early in 1935, despite Keen's pleadings for increased efforts at co-ordination, the two groups began a disastrous struggle for leadership in the Montreal area. The struggle was partly caused by Joseph Wall, the contentious, domineering president of the Notre Dame de Grace organization. One critic described the controversial Wall to Keen in the following terms:

Mr. Wall has been attempting to organise groups in different parts of the city and maintain control as one Society; also your advice on important matters has been deliberately ignored when not in agreement with his ideas; a domineering attitude has prevented proper handling of business; and individuals questioning his

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1. See Correspondence C.U.C., vol. 164, 1935 AD: file "Coop Society (Rochdale Plan)".



decisions have been abusively silenced. In his public remarks false impressions have been created, to the embarrassment of those seeking clarity and truth.<sup>1</sup>

Keen and the Union were slow to react to the charges levelled against Wall, partly because they were not certain as to the pragmatism of the men operating the Council. He saw the Council as an offshoot of the idealistic and impractical L.S.R., an organization he thought well described by a Montreal observer:

...I have not attended their meetings lately, because I could not spare the time for just discussion without possible action, and am afraid too many of the members are content to bask in the rays of their own intellect. They meet regularly at "Ye Olde Coffee Shoppe", listen to a discourse on some phase of economy by a professor; ask very few questions, because their mental appetites are satisfied; and then adjourn for coffee and cakes. The environment is "quaint" and attractive to people of leisure; but who can spare the time, knowing there is so much to be done.... They are mentally and politically cosmopolitan--young communists, old socialists, groping conservatives and liberals, social workers, and finally the "intelligentia", [sic] all enjoy the common bond that things are wrong, but few are concerned doing something about it. In my conversation with members of a committee for the study of co-operation, their reactions were typical; in answer to my suggestion that they should take active part in forming societies, some said it was too late and the revolution was immediately evident, others placed their hope in political action, others were afraid the chain stores would be too powerful, whilst others were solely interested in "academic" study.<sup>2</sup>

After some twenty-five years' experience in the movement, Keen was very impressed with the importance of practical business sense, a commodity he believed to be in short supply

1. A. Starkey to Keen, April 12, 1935, C.U.C., vol. 165, 1935 EM: file "Montreal Co-operative Council".

2. G. Starkey to Keen, December 4, 1935, ibid.

among the intellectuals behind the C.C.F. Unlike the British Labour party, which was influenced by practical men from the co-operative movement, the C.C.F. had no source of pragmatic industrial leaders capable of operating industries. The result was that the C.C.F. was dominated by well-meaning theorists incapable of providing pragmatic leadership.

Events in 1935 seemed to disprove Keen's contentions. In April of that year the split between Joseph Wall and the Co-operative Council became particularly bitter. Keen, because of his scepticism about the academic reformers in the Council, hesitated to intervene, and the Montreal movement nearly disintegrated over name-calling.<sup>1</sup> Then, suddenly in late 1935, on the initiative of George Mooney, a member of the Council, renewed efforts were made to bring the two groups together. One step in the process was a request for a visit to Montreal by George Keen.

Keen's address, at a meeting chaired by F.R. Scott, initiated, but was not the sole cause of, a new vigorous campaign in Montreal on behalf of co-operation. The Council, at first forgetting Joseph Wall and the Notre Dame de Grace society, undertook a series of projects aimed at stimulating interest in the community. One reason for this renewed interest was that George Mooney was unemployed and looking for work. Mooney, who had been secretary of the Montreal Y.M.C.A.,

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1. Secretary-Treasurer's Report, Montreal Co-operative Council, C.U.C., vol. 169, 1936 HM: file "Montreal Co-operative Council".

had sacrificed his position in order to stand as the C.C.F. candidate in Verdun during the recent provincial election. As he had been defeated, he was searching for new employment, had a sincere interest in co-operation, and was respected by other members of the Council.<sup>1</sup> Thus, in 1936, the Montreal Council organized a committee to survey the movement, and George Mooney was given the task of preparing a scholarly survey of Canadian co-operation.<sup>2</sup>

The Council also undertook the encouragement of several small societies in the Montreal area. Partly as a result of their efforts and partly as a result of continuing aid extended by the Union, numerous struggling societies appeared. By late 1936, the Union had nine affiliates in the Montreal area, all but one of them in English-speaking districts.<sup>3</sup> These groups began studying the possibility of a wholesale and undertook the integration of their activities with similar developments in French-Canada. Some discussions were held during 1936 with representatives of Co-operative Fédérée, the new wholesale society for French-Canadian co-operatives, and it appeared as if, after the many years of isolation, meaningful contacts could be made.<sup>4</sup> Almost overnight, Montreal co-operators had apparently buried their

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1. Keen to G. MacInnes, May 22, 1936, C.U.C., vol. 79, 1936 MS: file "Mc and Mac".

2. G. Mooney, Co-operatives To-day and Tomorrow, pp. 6-7.

3. "List of Montreal Affiliates", C.U.C., vol. 172, 1937 AC: file "Cornwall Consumers Co-operative".

4. G. Starkey to Keen, March 11, 1936, C.U.C., vol. 169, 1936 HM: file "Montreal Co-operative Society (Rochdale Plan) Ltd.

differences and had decided to unite for the furtherance of the total movement. Perhaps idealists were capable of organizing themselves, after all.

## xi

By 1936, the Union's efforts in Vancouver, Toronto, and Montreal had achieved few concrete results. In each of the three cities, serious divisions had appeared and unfortunate failures had developed: Vancouver co-operators were torn between the pragmatic Telford, the idealistic Macdonald, and the aggressive CCFers; Toronto enthusiasts had witnessed the disintegration of the urban consumer movement and the failure of Work-Togs; and Montreal leaders, despite their recent efforts, had yet to prove their ability to work together effectively. In short, the pragmatists and the idealists, along with the Union itself, had failed to bring the movement into the major cities. Only in the W.E.A.--an institution only incidentally interested in the movement--had Union executives achieved a notable triumph.

The discouraging failures in the cities contrasted markedly to the successes in the English-speaking hinterland. There--in B.C. fishing villages, on the Prairies, in rural Ontario, and in the Maritimes--the accomplishments had been remarkable: the old movements had made steady progress, and the new ones had demonstrated considerable potential. More importantly, the co-operators of the hinterland were beginning

to lose their parochialism and to see the value of integration. The result was the slow development of regionally- or provincially-oriented, integrated co-operative movements. Undoubtedly, this development was the result of the Depression which both deepened the sense of grievance and strengthened the resolve of Canadian co-operators. It was also the result of the natural maturing of a movement over two decades old: as co-operatives expanded, they naturally began to see advantages in co-operating among themselves and began to investigate ways in which they could work together.

The slow progression toward regional or provincial solidarity did not immediately aid the Union as much as might be expected. The Union remained isolated from the economic power within the movement, and it was generally regarded as only a moderately useful servant by most Canadian co-operators. Certainly, Good and Keen did not control Canadian co-operation in any real sense, and whatever power they did possess depended entirely upon the generosity of the men in charge of the various co-operative enterprises.

Yet the C.U.C. did make substantial progress between 1933 and 1936. It added five thousand members to the membership of its retail societies, and it maintained the support of several producer organizations. It also managed a partial escape from the extreme financial poverty that had generally characterized its activities since 1909. This improvement did not take place until 1935, and, in the early part of the

period, the Union had serious financial problems. Indeed, so desperate was the situation in 1934 that a special appeal for funds was necessary before the Union could meet its expenses.<sup>1</sup>

In the same year, however, the movement recognized some of its obligations to Keen for the financial and personal sacrifices he had made over the years. Under the leadership of J.B. Fisher, Jr., of the Scottish Wholesale, a testimonial fund of \$675 was collected for him. The largest contributors to the fund were the two British wholesales which donated \$125 each, while the largest Canadian donor by far was the unaffiliated U.G.G. which gave \$100.<sup>2</sup> Most of the remainder came in the form of five-dollar donations from the various societies, including many in the very depressed regions of Saskatchewan. There was only one proviso attached to the gift: it had to be used for Keen's personal needs and could not be donated by him to the Union. Keen agreed, and the money was used to help pay the mortgage on his house.<sup>3</sup>

As the movement pushed ahead rapidly throughout Canada in 1935, the Union's financial position eased considerably. When the financial statement for that year was tabulated, J.F. VanLane, the honorary auditor since 1909, rejoiced in

1. Circular no. 12 of 1935, C.U.C., vol. 217, Monthly Bulletins, 1937-1946.

2. "Subscriptions to Mr. Keen's Testimonial Fund", C.U.C., vol. 163, 1934 OY: file "Scottish C.W.S."

3. Keen to J.B. Fisher, October 16, 1934, ibid.

a surplus. It was the first time he had ever prepared a Union statement that did not include an item noting an indebtedness to George Keen.<sup>1</sup>

This improved financial position was one indication that the Union was becoming a more secure institution. Another indication of the same development was its growing willingness to take a stronger position on non-pragmatic issues such as external affairs. Following the lead of the International Co-operative Alliance, Keen wrote numerous editorials pleading for the end of economic nationalism, for support of the League of Nations, and for the organized repression of fascist movements. Keen and Good, though blaming the Allies for creating Germany's problems in the thirties, had no sympathy for Hitler even in his early days of power. Similarly, despite Keen's deep Catholicism, they had no respect for Franco when the Spanish Civil War broke out.

The Union executives judged external affairs from the point of view of co-operators, and they saw, as early as the twenties, that fascism was fundamentally opposed to co-operation. One of Mussolini's first acts had been the emasculation of co-operative institutions, and Hitler and Franco, when they gained control, also speedily repressed the movement. Nor did the Fascists, unlike the Russian communists, relax

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1. J.F. VanLane to Keen, June 22, 1936, C.U.C., vol. 180, 1936 SZ: file "V".

their assault on co-operatism; Hitler, especially, used organized terror to destroy almost completely the German movement that had been one of the strongest in Europe. The Union leaders, like most co-operators throughout the world, never had any doubt about the inevitable necessity of eliminating fascism.

The Union did more than editorialize about the rise of fascism: it protested strenuously to the federal government against cadet corps and against private para-military organizations on the grounds that they were breeding grounds for fascist tendencies.<sup>1</sup> From the viewpoint of the Union executive, fascism was an international virus that had to be fought on all fronts and with all weapons. To aid in the international struggle, they advocated the use of economic sanctions and military force, and they sponsored a fund to aid co-operators suffering during the Spanish Civil War.<sup>2</sup>

The efforts against fascism were part of an increasing Union concern with what they thought was a world in crisis. Both Good and Keen believed that democracy as a political system could easily cease evolving in the thirties, a

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1. For example, see C.C., September, 1933, p. 28. One organization frequently singled out by Keen as a fascist threat was the Classocracy League, a Quebec-based organization that advocated creation of a corporate state under Christian principles. See C.C., September and December, 1936.

2. C.C., October, 1936, pp. 27-28. The fund eventually raised \$500.



casualty of the economic and social dislocation of the decade. One aspect of the problem, and, for the Union's leaders the simplest to cure, was the unwieldy political structure inflicted upon Canadians by the partisanship of political life: for this problem, Good proscribed the cures of proportional representation and the termination of political parties.<sup>1</sup> For wider, more difficult economic and social problems, the two men, of course, saw a special role for the co-operative movement. They believed that the movement had particular relevance in the thirties because of its ability to facilitate both the production and distribution of goods without concentrating funds in any particular sector of the economy. In their view, the basic fault of capitalism was that it allowed some people to gain control of too much wealth, thereby producing depressions by limiting the purchasing power of poorer people who could not buy what their labour had produced. To prove their point, the two men usually referred to the stability of the British movement during the Depression: between 1929 and 1933, for example, the British co-operative institutions continued to expand their sales, raised the salaries paid its employees, and even hired 25,000 new employees.<sup>2</sup>

But the British movement made this progress only because

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1. See Good, Farmer Citizen, pp. 176-198.

2. C.C., June, 1935, pp. 8-9.

it was well organized and could control its own destiny. The Canadian movement, in contrast, and despite the growth in the mid-thirties, was still weak and unable to provide much stability. This weakness was particularly dangerous in Canada where the vagaries of capitalism, in the view of the two men, created such havoc; unless the movement could be developed speedily, the fabric of Canadian society would be torn apart and all its worthwhile traditions destroyed.

This sense of urgency and awareness of external threats permeated all the Union's activities between 1933 and 1936; they were particularly evident in the submission made by Good and Keen in 1935 to the Special Parliamentary Committee on Price Spreads and Mass Buying.<sup>1</sup> The Union's submission, made after many other organizations had made submissions, emphasized that the committee had already received proof of the existence of unjustifiable price spreads and monopolistic or near-monopolistic profiteering. Basic to these economic ills, and encouraged by them were two great social evils: wide-spread corruption and low business ethics. Unless these evils were eliminated, economic, social, and political upheaval was inevitable.

In urging the development of co-operative institutions as a cure to the wide-spread, interconnected problems, the Union stressed that the movement represented a better alternative than some artificial return to laissez-faire

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1. For a copy of the submission see C.C., July, 1934, pp. 8-11.

capitalism or some adaptation of state socialism. Co-operation, as exemplified by the British wholesales, could provide the benefits of combination without the vices of monopolistic capitalism. No one within the movement made excessive salaries, and whatever technological or administrative advances were made immediately helped the consumer and not the investor. Only such a system could save the contemporary world from cultivating the seeds of its own destruction.

The Committee, under the chairmanship of H.H. Stevens, was very interested in the original submission, and after it became a Royal Commission, asked the Union to submit a set of definite proposals. The Commission specifically wanted to know what legislative changes would be useful and how the federal government could aid the movement's development.

In response, Good and Keen asked for the implementation of a federal co-operative bill that would provide for cheap, easy incorporation of societies conforming to the basic Rochdale principles. As for how the federal government could assist the movement, the two men suggested that, as in Saskatchewan and Manitoba, an official should be appointed in either the Labour or Agriculture Departments to administer a new act, to circulate literature, and to promote co-operative development. To further stimulate the movement, donations might be made to the Union and loans could be extended at reasonable rates to some of the new societies. Beyond that, the Union executives believed, the government

should not go as it would destroy the self-help principle  
<sup>1</sup>  
 basic to the movement.

The commission publicly approved of all the ideas in  
 the submission except the granting of money to the Union and  
 the extension of credit to new societies.<sup>2</sup> It recommended  
 serious investigation of the possibility of federal legisla-  
 tion, and it recognized the need of careful supervision so  
 that quasi-co-operatives might be eliminated. Most impor-  
 tantly--for the Union's propaganda purposes--the Commission  
 strongly endorsed the value of the consumer movement:

It is our opinion that further development of consumers'  
 co-operatives in Canada would be of general benefit,  
 introducing a restraining influence on the practices of  
 other merchandising organizations and assisting in con-  
 sumer education, which, we feel is most necessary.  
 The informed consumer is in himself the most valuable  
 and effective check on excessive prices and poor  
 quality.<sup>3</sup>

This commendation by the Stevens Commission--though it  
 had little impact on government circles--can stand as a  
 measure of the movement's success between 1933 and 1936.  
 By the end of the period, co-operation had gained wide-spread  
 popularity as a method of maintaining local initiative  
 against the encroachment of big business; as a means of  
 assuring low prices for essential items and services; and as

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1. For a synopsis of the second submission, see C.C.,  
 February, 1935, pp. 8-9. For a copy of the full submission,  
 see C.U.C., vol. 74, 1935 JR: file "P".

2. Government of Canada, Report of the Royal Commission  
 on Price Spreads (Ottawa, 1937), pp. 219-220.

3. Ibid., p. 220.

a possible avenue toward the development of a more perfect world. In a nation enduring the pressures of economic collapse and trying to hide from a world on the verge of disaster, co-operation had a positive approach and a relevant technique. As for the Union, it had generally prospered with the movement's popularity; the only question was whether or not it had prospered enough.

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## CHAPTER TWELVE

### PROGRESS TOWARD REGIONAL UNITY

#### THE UNION FROM 1936 TO THE END OF 1939

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

Onward fellow workers  
Toward a brighter day  
When the Master's teachings  
Will have had their sway.  
Man with man shall ever then  
Live in Harmony  
"Each for all, and all for each"  
In practice, then will be.  
Onward then ye people  
Join our happy throngs  
Help Co-operation  
Right the many wrongs.

Written by Mrs. R. McDonald, Hamilton,  
To be sung to the tune of "Onward  
Christian Soldiers"  
C.C., July, 1938, p. 28.

In 1937 the Union executive tried to stimulate interest in Eastern Canada by holding that year's Congress in Montzéal. Good and Keen hoped that the Congress would offer encouragement to the city's co-operative enthusiasts and serve as a catalyst for increased activity in Ontario and the Maritimes. As could be expected, the Congress attracted a strong delegation from Eastern Nova Scotia, Montreal, and Northern Ontario, but it attracted only one man from the Prairies and none from British Columbia. Despite the growth in the early and mid-thirties, the Union was not yet thought important enough by most co-operative organizations to warrant the sacrifices necessary to send delegates to its Congresses.

For the most part, the Congress was like those that had gone before: considerable time was devoted to discussions on such topics as the need for education, the desirability of buying from the British wholesales, the need for co-operative legislation, and the value of developing strong Canadian wholesales.<sup>1</sup> The highlight of the Congress was the speech made by the optimistic Maritimer, A.S. McIntyre, who

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1. For an account of the Congress, see C.C., October, 1937, pp. 13-27. The following summary is based on that account.



was, with M.M. Coady and A.B. Macdonald, the nucleus of St. Francis Xavier's Extension Department. McIntyre, in an eloquent address, outlined the study group idea as it had been worked out in Eastern Nova Scotia and showed how the clubs had produced a wide variety of co-operative enterprises. He particularly stressed the value of the credit union movement, which, by 1936, had grown to 106 unions organized together in the Nova Scotia Credit Union League. He also singled out for particular attention the development of fishing and lobster co-operatives which had allowed the fishermen of Eastern Nova Scotia to escape from the economic feudalism that had long characterized their lot. In his view, the producer, banking, and consumer movements were making remarkable progress in the Maritimes and would soon coalesce to have an even greater impact.

McIntyre's enthusiastic report indicated the increased importance of co-operative activities, not only in the Maritimes, but throughout Canada. The gains made between 1933 and 1936 paved the way for even greater growth in the following three years. In all parts of the nation, except for the large cities, the movement found new advocates and new opportunities. As the movement grew, so did the Union, meaning that W.C. Good and George Keen, no longer young men, found it difficult to gain control of the co-operative activities they had helped to stimulate; as a result, the ideals for which the Union continued to stand were not as

widely accepted as the two men might have wished.

Within the movements that progressed during the 1937-1939 period, the most important features were increasing integration, growing awareness of the desirability of inter-provincial economic organizations, increased interest by provincial governments, and stronger leadership by young, pragmatic co-operators less interested in British precedents. Saskatchewan produced the most powerful provincial movement and became the standard for all the others. From it emerged most of the initiatives of the late thirties and, especially, the early forties; from it came the strongest leaders and the most intense drive for consolidation and expansion.

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Amid the general successes of the 1937-1939 period, there was one conspicuous failure: the urban idealists, their efforts in the previous period having dwindled to small movements in Montreal and Vancouver, proved incapable of producing permanent, powerful institutions. The failure in Montreal was especially disappointing. During 1936 the Montreal Co-operative Council, prompted by George Mooney and advised by George Keen, had seemed to be on the verge of a major co-operative breakthrough. Unfortunately, and like so many promising beginnings in co-operation, the co-operative enthusiasm in Montreal soon dissipated. The men behind the Council's renewed activities soon encountered

the same problems that for so long had restricted the Union's development. Problems in management, an inability to provide a sufficiently attractive series of outlets for the French-Canadian movement, and a failure to keep an integrated movement within the city, soon shattered the early optimism. As far as the Union was concerned, the rapid decline was reflected in worsening relations with the Montreal leadership.

The most important indication of this worsening relationship involved George Mooney, the Council's most dynamic enthusiast and the man who had started, in 1936, to prepare a study of Canadian co-operation. At the 1937 Congress he submitted an elaborate outline of the study he projected, indicating that he would make a close examination of reasons for past failures and a detailed analysis of potential sources for increased strength. As a sample of his projected longer study, Mooney read a brief history of the Canadian movement as he understood it, a history which the Union later published and distributed.

Although the Union offered to finance publication of the book and began a determined campaign on its behalf, the Council in Montreal decided to publish the book

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1. Circular No. 10 of 1937, C.U.C., vol. 217, Monthly Bulletins, 1931-1946: file "1937".

2. Circular No. 12 of 1937, C.U.C., vol. 217, Monthly Bulletins, 1931-1946: file "1937".

independently in an inexpensive paperback edition.<sup>1</sup> The book they published was considerably different from the one originally contemplated: instead of a thorough examination of the Canadian movement, it was a superficial study of selected aspects of international co-operation with some brief mention of Canadian development. Thus, aside from creating considerable inconvenience for the Union executives who had to return funds already collected in support of the publication costs, the Montreal group had produced a book of limited value to the total movement. Nowhere in the work was there the promised, detailed examination of the reasons for past failures; nowhere was there a useful indication as to what future policies might be followed. Rather, the end product was a thinly disguised synthesis of other, earlier analyses. In comparison to the great promises of 1936, the final product in 1938 was disappointing and of little value.<sup>2</sup>

The decision by the Montreal Council to forsake the Union's offer of publication was typical of the divergence that was occurring during the late thirties. Increasingly, the Council acted independently of the Union, organized its own programs, ignored advice, and established its own

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1. Keen to E.R. Bowen, September 13, 1938, C.U.C., vol. 87, 1938 AC: file "Co-operative League--U.S.A.".

2. Nevertheless, the Union, in an effort to rekindle declining interest in Montreal, publicized Mooney's work widely among its affiliates and sold many copies of it. See monthly bulletins, C.U.C., vol. 217, Monthly Bulletins, 1931-1946: file "1938".

principles. From the point of view of the Montreal co-operators, the Union must share some of the blame for this split because it was too timid to intervene in the deteriorating situation in the Notre Dame de Grace society. In August, 1936, some dissatisfied members of that society, concerned about the decline of their organization, organized themselves into an emergency committee and requested an investigation by the Montreal Council. The Council responded and demanded the society's financial records from the president, Joseph Wall, who immediately refused.<sup>1</sup> Suspecting irregularities, and perhaps grasping an opportunity to embarrass an old antagonist, the Council requested that the Union suspend the Notre Dame de Grace Society.<sup>2</sup>

The Union was placed in an awkward position by the request, but it should have been more decisive than it was. The executive took the position that the dispute was essentially a local one to be resolved by local co-operators. Despite the difficulties in securing the financial records of the Notre Dame society, there was no proof that that organization had contravened any rule of the Union. Thus, although Keen wrote to Wall requesting co-operation with the other Montreal co-operators, he refused to apply any real

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1. G. Starkey to Keen, August 26, 1936, C.U.C., vol. 169, 1936 HM: file "Montreal Co-operative Council".

2. Ibid.

pressure and insisted upon maintaining the Union policy of remaining aloof from inner disputes within local movements.<sup>1</sup> Similarly, when the Union executive met to consider the appeal of the Montreal Council, it refused to intervene, with the result that the Council became even less concerned about Union viewpoints.<sup>2</sup>

Although efforts were made to bring the two sides together in 1937 and 1938, mostly because of Mooney's investigations, they were not successful. More and more, the Council established its own rules and interpretations of co-operation. By 1941, when orthodox co-operative enthusiasm was declining in Montreal and its own position was becoming precarious, it started to admit organizations whose qualifications as co-operatives were suspect. Its actions in these admissions were repeatedly challenged by the Union, which, according to the original agreement between the two, had to affiliate all groups belonging to the Council. When the warnings failed to stimulate the desired response, the Union had little choice but to expel the Montreal Co-operative Council.<sup>3</sup>

The failure in Montreal was a bitter disappointment. In 1935 and 1936 it had appeared as if the Union was on the

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1. Keen to G. Starkey, October 2, 1936, C.U.C., vol. 169, 1936 HM: file "Montreal Co-operative Council".

2. Keen to G. Starkey, November 10, 1936, ibid.

3. Keen to J. Thomas, April 25, 1941, C.U.C., vol. 104, 1941 PY: file "T".

verge of its first successful organizational campaign in a major Canadian city. It had a responsive audience, an obvious need, and a number of brilliant leaders. Yet very soon after the 1937 Congress, the movement dissipated, the leaders fled, and the audience disappeared. As in all Union failures, the executive was partly to blame: perhaps it should have acted more quickly, and perhaps it should have influenced the Montreal leadership more directly. But ultimately, most of the blame must rest with the local leadership. Perpetually squabbling, too abstract to organize their own affairs, they permitted opportunities to escape them. In any co-operative venture the problems were always immense and success was never easily achieved. The key ingredients in the successful societies, at least up to the 1940's, were unflagging loyalty and group solidarity among the rank and file. The Montreal Council tried to rely upon the guidance of intelligent idealists, and it failed abysmally. In doing so, it proved, just as the Union's career to that point had proved, that wise direction by sincere leaders in themselves were of little consequence in the struggle to reform Canadian society.

The same pattern unfolded in Vancouver during 1937 and 1938. In that city, the decline, which started in 1936, revolved around disputes between D.G. Macdonald of the Common Good Co-operative and the other co-operative enthusiasts, most of them CCFers. Macdonald wanted one co-operative for

the entire urban area while his opponents wanted several because of Vancouver's complexity.

The argument paralyzed the Vancouver movement from 1936 to 1938 and inevitably involved the Union. Keen received numerous letters--nearly all long and complicated--from both sides of the debate, and he was ultimately forced to take sides. He was reluctant to do so because, as in the case of the Montreal disputes, he tried to follow the principle of leaving disputing affiliated societies alone so they could resolve their own disputes. Keen also hesitated to involve himself because he was genuinely uncertain about how best to attempt the organization of a large urban area. He recognized that one society operating through a number of branches could reduce costs considerably by streamlining their bookkeeping, general administrative, and wholesaling activities. On the other hand, he knew that co-operatives with large administrative structures tended to be conservative in opening new branches, impersonal in their treatment of customers, and overly centralized.

When the C.G. Co-op entered into acute financial difficulties in the spring of 1937, Keen intervened on the side of the co-operators favouring independent organizations. He believed that Vancouver co-operators were hesitant about joining what appeared to be a crumbling co-operative organization. He wanted to use the study clubs sponsored by

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1. Keen to D.G. Macdonald, January 28, 1937, C.U.C., vol. 172, 1937 AC: file "C G Co-operative Association New Westminster".



an independent agency, the Vancouver Co-operative Council, as centres for buying clubs and, eventually, stores without necessary connections with the C.G. Co-op.<sup>1</sup> Keen was particularly anxious that reports of new co-operatives be circulated so as to offset the bad publicity resulting from the decline of the C.G. Co-op and from an unfortunate disaster that had recently befallen the Plenty-for-all organization: in January, 1937, a packer for that supposedly co-operative institution had mistakenly placed baking soda labels on shipments of rat poison; the unfortunate result had been that one woman had died after eating a cake made with the poison.<sup>2</sup> Another set-back involving all the city's co-operators would be disastrous.

Keen's intervention came rather late. The burst of enthusiasm had been dissipated in the struggle between the various groups. Following his support for local organizations, the C.W.S. Co-operative, independent of C.G. Co-op, opened in Victoria. At the same time, the Council, freed from the C.G. albatross, became quite active under the leadership of D.C. Dearlove and A.B. Trotter, but it was unable to guide groups beyond the buying club stage. Its work consisted mainly of meetings, addressed by such well-known Canadians as King Gordon of the Fellowship for a

1. Keen to D.G. Macdonald, March 3, 1937, C.U.C., vol. 172, 1937 AC: file "C G Co-operative Association New Westminster".

2. T.O. Dearlove to Keen, February 15, 1937, ibid.

Christian Social Order and visiting British co-operative leaders. It also published study club literature and a weekly newsletter, but it failed to develop any serious response. In short, the urban movement in B.C. had become stagnant and frustrated; in all probability, it would have disintegrated completely except for the rejuvenation it received from farming and fishing co-operatives, a development to be discussed below.

## iii

The virtual failure of the efforts of the Montreal and Vancouver co-operators marked the end of the movement that had begun in the large Canadian cities in the early thirties. Undoubtedly, the impractical approach of the idealists involved was a major factor explaining why they could not stimulate sound co-operative ventures: despite their good intentions, they lacked the ability and perhaps the deep-seated desire to organize and lead divergent groups of people.

On the other hand, there can be no doubt that many idealists examined the movement, found it deficient, and, with considerable regret, stopped working on its behalf. Humfrey Michell, an erstwhile professor of political economy at Queen's and McMaster, can stand as a case in point. Of English birth and training, Michell had been a student of the Canadian movement from the early years of the century.

While at Queen's before and during World War One, he had written several pamphlets on the Canadian movement, having secured much of his information from George Keen. After the war, he and O.D. Skelton had invited Keen to Queen's on at least two occasions to address students; the same two professors had also participated in the disastrous Kingston co-operative of 1919, the only co-operative society Keen ever believed was totally incapable of being saved. Perhaps the Kingston society had dimmed Michell's enthusiasm in the same way as the Toronto and Montreal idealists were discouraged by their experiments; in any event, Michell had become perturbed about the movement in the twenties and thirties, and he demonstrated his continuing concern in a paper delivered before the Canadian Society of Economics and Political Science in 1937.<sup>1</sup>

Michell's paper was a study in perplexity. He deeply admired the movement, particularly because of its ethical overtones, but he was very concerned about its apparent stagnation and imprecise philosophy. He wondered, specifically, whether or not the movement did have the capabilities so long attributed to it by co-operative spokesmen. Could it, for example, completely replace the capitalist system,

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1. See H. Michell, "The Future of Co-operation in Canada", The Canadian Journal of Economics and Political Science, 1937, pp. 406-412.

eradicating in the process the selfish instincts of nearly all mankind? And even if it was capable of a complete social reformation, could it establish a working relationship with political authorities? Could it escape abuse from both socialists and fascists?

In conjunction with these more general questions, Michell was perturbed about the short range problem of attracting capable leadership. He believed that co-operation in the past had failed to attract talented men and women from the scientific, artistic, and literary worlds. Rather, the movement had attracted only the exploited malcontents of industry and agriculture, thereby limiting its leadership to the uncultivated natural spokesmen of the lower classes. While this leadership had been successful--and its impact on the movement had far surpassed that of the few involved intellectuals such as the Webbs--it had also restricted the movement generally to specific classes. As a result, the financial aspect of the movement, so vital to the penny-watching workers and farmers, had become the dominant pre-occupation. Thus, the dividend, while serving as a valuable inducement for attracting members, had become a prison housing impoverished inmates with unavoidably limited vision and opportunities.

In surveying the Canadian co-operative development, Michell saw several difficulties related to the above general problems. Nevertheless, he was at a loss to explain

why Canada was strewn from coast to coast with the bones of deceased consumer societies. To some extent, Michell believed, these failures had been caused by dividend-conscious members being too pecunious to pay decent wages; they were also caused by, in comparison to Great Britain, a lack of class distinctions, a more mobile population, and a generally higher standard of living.

Michell could not even summon much enthusiasm for contemporary Canadian co-operative development, including the growth of caisses populaires in Quebec and the development of agrarian societies in the West. He thought the former valuable for poorer French-Canadians and perhaps others, but too weak in total economic power ever to become a powerful financial institution. As for the latter, he was impressed with its growth but perturbed about its timidity, its deep divisions, and its unrealistic expectations. Moreover, he suspected that western co-operation was victimized by charlatans preying upon the needy, and he opposed the gigantic wheat pools, believing that the movement's only hope in the Prairies rested with the penny-saving of housewives, for him, "the very rock-bottom foundation of all saving...."<sup>1</sup> Mobilizing such a force, however, was an enormous task, indeed so great that Michell doubted that it

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1. See H. Michell, "The Future of Co-operation in Canada", The Canadian Journal of Economics and Political Science, 1937, p. 410.

could be accomplished.

George Keen was the chairman-commentator at the meeting where Michell voiced his misgivings about the movement. Keen led the rebuttal, although because of time, he considered only some of the points raised by Michell.<sup>1</sup> After recognizing Michell's contribution to the movement, Keen attempted to clarify the meaning of the word co-operation by using a definition put forward by Fred Hall of Manchester's Co-operative College:

What is the goal for which co-operators are aiming? Is it merely a more efficient economic system? It is that; but it is something more. Is it a more satisfying economic system because it is moral and because it solves most of the present-day problems of industry and commerce? It is that; but it is something more, for Co-operation has other aims than economic ones. The earnest co-operator seeks to apply co-operative methods to all purposes of social life, and does so because he believes that in working with others for the common good, man's highest qualities are enlisted and developed; and in the employment and development of these qualities the man himself becomes a better man, and the quality of the human race is improved.<sup>2</sup>

This definition, so much in the Union's tradition, served as the introduction for a speech that catalogued the major ideas that had been advanced by C.U.C. executives since 1909. Keen deplored the excessive emphasis on the dividend

1. For a copy of Keen's reply, without title and undated, see C.U.C., vol. 225, Printer Matter, speakers, Broadcasts. Henceforth this memorandum will be referred to as "Keen's Reply".

2. As cited in "Keen's Reply", p. 2, from F. Hall, Co-operation: A Survey of the History, Principles and Organisation of the Co-operative Movement in Great Britain and Ireland (Manchester, 1934), page not given.

among North American co-operators; called for more altruistic leadership of co-operatives; assured his listeners that labour unrest was a minor feature of the British movement; and pleaded for consumer supremacy in the market place. Keen concluded his commentary by attempting to define his and the Union's view of the Co-operative Commonwealth. It was a term much abused, in his view, because of the emergence of the Co-operative Commonwealth Federation. To him, there was no necessary correlation between a socialist state and a co-operative utopia because he believed the essence of co-operatism to be the voluntary labour by individuals for the common good:

Co-operators...believe that the Co-operative Commonwealth will be built by the intelligent action of the people upward, and not from the State downward. It does not necessarily follow that, in the evolution of a co-operative commonwealth, all economic and social services will be on a voluntary basis. Co-operators have in mind human beings working together for their mutual advantage. They may act voluntarily as to some economic services and utilize the authority and machinery of the State as to others whenever co-operators are sufficient in number to control them. The form the Co-operative Commonwealth will take will be determined by adjustment from time to time as the result of growing and cumulative experience in practice. So far as I know no co-operator has prepared a plan of a Co-operative Commonwealth. The capitalist system Co-operation seeks to replace was not so developed. I feel sure, however, that whether the evolution of a Co-operative Commonwealth is in the form of voluntary or public ownership and operation, or a combination of both, it cannot be successful unless it is based upon the co-operative philosophy of life, and it is administered by co-operators devoted to it.<sup>1</sup>

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1. "Keen's Reply", p. 4.

Keen's answers may have satisfied the rather isolated Humfrey Michell, but, for most of the community-conscious idealists of the thirties, they were hardly satisfactory. In the final analysis, George Keen and the C.U.C. generally, did not possess the integrated, sophisticated approach sought by the idealists--in many instances, academics--then prominent on the Canadian scene. Keen's and the Union's approach was essentially a series of acts of faith too sincerely held to be classified as clichés but too simplistic to be seriously entertained by the decade's idealistic, reforming intellectuals. In contrast to Keen's faith in slow evolution, they were advocating extensive, rapid change through state aid; in contrast to his vague notions of the Co-operative Commonwealth, they were advocating the implementation of what they thought would be some ultimate goals. In short, Keen, typical of another generation's reformers, was more hesitant about the potential of political reform movements, less confident about the immediate future, and far less certain about the role of constructive leadership; imbued with the notion of self-help, he placed all his hope in the slow evolution of responsible reform within the working-class movement.

iv

The failures of the urban idealists who had joined the movement in the early thirties did not terminate the Union's



efforts in the largest Canadian cities. During the late thirties new groups appeared, especially in Ontario cities, groups generally made up of concerned consumers and a few idealists worried about the economic, political, and social problems of the decade. In Toronto, several co-operative organizations appeared, the most important of them being the Eglinton Co-operative organized in early 1937.<sup>1</sup> This concern had considerable difficulty in its early months because of a succession of poor managers, but, by 1938, had stabilized its position. The society was strongly influenced by N. Roy Clifton, an enthusiastic young co-operator especially interested in co-operative education. In 1937, under his direction, it sponsored a number of educational activities, notably study clubs and public meetings. In the same year, it co-operated with Co-operative Services to form the Toronto Co-operative Council to promote interest throughout the city.

During 1937 and 1938 other societies concentrated generally in the urban areas of Central Canada made their appearance. In Toronto the only other Union affiliate to develop was the Student Co-operative Residence at the University of Toronto. Keen advised this organization from

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1. The other co-operatives were among basically immigrant groups, including two among Ukrainians, one among Polish people, and another among negroes. See "Ian" to the editor, Toronto Star, undated clipping, C.U.C., vol. 178, 1938 C: file "Co-operative Service of Toronto Ltd." None of these organizations affiliated with the C.U.C.

its earliest beginnings and carried out its incorporation in 1937 and 1938. He addressed several meetings at the co-operative residences and continued to offer advice on practical and theoretical questions for the remainder of the decade.<sup>1</sup> The other co-operatives--all consumer societies or buying clubs--added to the Union's list of affiliates during the late thirties were located in Aurora, Hamilton, Niagara Falls, Milton, and Peterborough. None of these societies was large,<sup>2</sup> but they did indicate a growth of interest in the C.U.C.'s approach to co-operation.

Another development that stirred interest in co-operation in urban Ontario was the emergence of a reaction against Hollywood's domination of the cinema. Many Ontario residents were concerned about neighbourhood theatres because they were usually devoted to trivial films imported from the United States. As a result, groups of theatre-goers in several Ontario towns organized co-operative film clubs and showed European and "educational" American films. The best known of these clubs was the National Film Society of Canada, organized in 1935. By 1937, it had spread to eight Canadian cities and was much admired by the C.U.C. executive.<sup>3</sup>

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1. See C.U.C., vol. 181, 1938 RS: file "Student Co-operative Residence (University of Toronto)".

2. The largest was Milton which sold \$67,000 worth of goods in 1938. C.C., June, 1939, pp. 14-15.

3. C.C., December, 1937, p. 15.

Aside from this organization, there were several independent film clubs organized among co-operators in Timmins, Hamilton, Toronto, and various Saskatchewan villages.

The sponsoring of the film club was only one aspect of the Timmins society's involvement in community affairs. The society made continuous economic progress during the late thirties<sup>1</sup> and used some of its funds to become a creative force within the community. In 1938, it hired N. Roy Clifton of the Eglinton society as educational director, and he initiated a series of projects, including a short-lived institute to study co-operative affairs, a worker's education branch, a library, a series of public entertainments, and a weekly radio broadcast. He continued to provide leadership for most of these activities until he joined the armed forces on the outbreak of World War Two.

Clifton's use of the radio in Timmins coincided with the discovery of that medium by co-operators throughout Canada. It had been used before--in Timmins and Calgary--but not on the extensive scale that developed in the late thirties. The United Farmers of Ontario started a weekly series of broadcasts over CFRB in Toronto in 1936 and featured programs on the co-operative movement, including some based on information supplied by the Union. The C.B.C. devoted several public affairs programs to the subject,

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1. By 1939 its sales had risen to \$729,000 as compared with the customary \$400,000 in the mid-thirties.

culminating in a special eight-week series prepared in 1939 and broadcast in early 1940.<sup>1</sup> Yet another series of broadcasts, with perhaps more impact, was the weekly series broadcast over Chicago's WCFL, one of the most powerful stations in North America. The series, which drew an audience from Southern Ontario and the Prairies, was made up of programs prepared by Keen on various aspects of the movement.

The most important series of radio broadcasts for listeners in Southern Ontario, however, were those sponsored by the United Farmers. This series marked a more aggressive outlook in the farmers organization and was a further example of close co-operation between it and the C.U.C. Indeed, the Union's respect for the U.F.O. deepened considerably, especially in 1937, when Good became a vice-president of the U.F. Co-op and when Keen made the following observations of the organization's annual meetings:

The gatherings this year were the most co-operative in character of our long experience. In past years the discussions have been predominantly conducted on an occupational and commercial basis, with little evidence being shown of real co-operative understanding or interest. On this occasion the keynote of the discussions was Co-operation in its true sense, and for which considerable enthusiasm was displayed. It was clear that many who participated had a good understanding of our philosophy and its aims.<sup>2</sup>

Close connections between the C.U.C. and the farmers'

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1. See Brochure, "The C.B.C. Conducts an Enquiry into Co-operation", C.U.C., vol. 93, 1939 AC: file "Co-operative Union Ltd. (Great Britain)".

2. C.C., December, 1937, p. 14.

movement were also encouraged by the appointment of P.M. Dewan as Minister of Agriculture for Ontario in 1937. Shortly after his appointment, he agreed to meet with Good and Keen to discuss the provincial movement. Following the meeting, he announced to a Toronto Liberal gathering that the province was on the verge of extensive co-operative development and that the government would have to appoint a man to be responsible for it.<sup>1</sup> Keen and the United Farmers wanted Good to be the man to guide co-operative development in the province,<sup>2</sup> but Dewan decided to postpone creation of a government department until a complete policy on co-operation had been worked out.

Dewan and his department worked throughout 1938 at helping to develop a full co-operative program for the province. The department sponsored, for example, a three-day conference on co-operation during September at Guelph. Three hundred and twenty delegates from many areas of the province participated in the conference which examined all aspects of the movement. Both George Keen and W.C. Good played a prominent part at the meeting, as did A.B. Macdonald from Nova Scotia. The resolutions at the end of the conference stressed the role of the Union as an advisory agency and the

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1. Keen to K. Philp, December 1, 1937, C.U.C., vol. 85, 1937 NT: file "P". See also clipping in same file, and without title, The Globe and Mail, November 27, 1937.

2. H.H. Hannam to Keen, December 13, 1937, C.U.C., vol. 176, 1937 TY: file "United Farmers of Ontario".

need for more active participation by the government in co-operative activities. In response to these resolutions, Dewan pledged his willingness to create a department to aid the movement and to prepare any legislative changes that were needed.<sup>1</sup>

In November, 1938, Dewan attended the annual meetings of the United Farmers of Ontario and the United Farmers Co-operative. He again pledged his support to the movement, referred to the development of a special series of lectures on co-operation at Guelph, and announced the development of special short courses on the movement to be taught by county agricultural representatives. He ended his speech by saying, much to the delight of the Union's executive:

...we must not forget to study Co-operative principles. They are of value far beyond their cold monetary value. They are of great social and educational value for urban as well as for rural people.<sup>2</sup>

This blending of interest on the parts of the United Farmers, the C.U.C., and the provincial government during 1939 led to the passage of an act, essentially drawn up by Keen, to govern the incorporation of credit unions.<sup>3</sup> In the early 1940's, the union of forces also produced reforms in the existing general co-operative legislation and helped create a government department to supervise co-operative

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1. C.C., October, 1938, pp. 10-12.

2. C.C., December, 1938, p. 12.

3. C.C., May, 1939, pp. 13-14.

activities. The Ontario movement still stumbled in urban areas, but the long-awaited union with agrarian forces and with the government had emerged in the late thirties.

## v

The strongest co-operative forces in Ontario were among miners and farmers; similarly, in British Columbia, the most powerful co-operative institutions were found among workers in the primary industries. In 1938, just as the Vancouver movement was becoming stagnant, co-operation underwent rapid growth along the coastal regions. The fishermen had transcended their differences--mostly unrelated to co-operation--and by the later thirties, had become a cohesive force on behalf of co-operation. In 1937 the Prince Rupert and the Kyuquot Co-operatives were joined in the Union by the North Island Trollers' Co-operative, and the three of them formed a strong trio marketing over a million dollars worth of fish by 1939. As they prospered, they saw the advantages of selling co-operatively and began to investigate the possibilities of buying co-operatively. The three organizations had operated stores since the early thirties, but they had not placed much emphasis upon them because of a strong concentration upon marketing their fish to the best advantage. As their position became secure, however, they could afford to investigate other aspects of the movement.

The fishing co-operatives were particularly interested

in two further aspects of co-operation: wholesaling and credit unions. In 1937 they began to discuss among themselves the possibilities of these forms of co-operation, and, in 1938, they began to seek aid from co-operators in Vancouver and in the interior. George Dolsen of the North Island Trollers was the first representative sent by the fishermen to Vancouver, and his speech, delivered before the Council on January 18, 1938, made a vivid impression. Using slides he had made of the fishing co-operatives, he demonstrated the possibilities of the movement to a rather frustrated group of people and helped rekindle enthusiasm for new co-operative projects.<sup>1</sup> In February, other representatives of the fishing co-ops met with the Council and asked it to become the lobbyist for the B.C. movement.<sup>2</sup> As a result, the rejuvenated Council, aided by Keen and the Credit Union National Association, quickly drew up a credit union act as part of a new co-operative bill and submitted it to British Columbia legislators.<sup>3</sup> It also lobbied successfully for the appointment of an official to encourage the development of credit unions and study clubs. The man chosen by the government--which speedily passed the co-operative act

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1. T.C. Dearlove to Keen, January 19, 1938, C.U.C., vol. 179, 1938 DL: file "Kitsilano Co-op Society".

2. A.V. Hill, Tides of Change, p. 45.

3. R. Wood to Keen, August 27, 1938, C.U.C., vol. 177, 1938 AC: file "Armstrong Co-op Society".



drawn up by the Council--was Norman McKenzie from St. Francis Xavier. Suddenly, unexpectedly, and because of the activities of the lower classes, the movement had taken on new life.

The broadening of interests by the fishermen led Robert Wood to call a meeting in Vancouver on May 8, 1938, to consider the development of a wholesale. Wood's action, which was also partly an outgrowth of expansion on the Prairies, elicited an encouraging response from the fishermen, the miners, the Vancouver co-operators, and the farmers of the Fraser Valley. After three days of deliberation, a wholesale was formed, largely catering to the needs of the fishermen.

Neither the credit union movement nor the wholesale had an easy time in the early forties. The credit unions, as they appeared, found a need for strong provincial leadership, a need which the Union could not provide. After considering Keen's suggestion that the B.C. movement spark a Canadian organization, the B.C. Credit Union Association, formed in May, 1939, decided to join with the American Credit Union National Association. The decision was not made without debate, and the British Columbian movement in late 1939 and for most of 1940 was deeply divided over the question of American domination. <sup>1</sup> Ultimately, however, the

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1. See C.U.C., vol. 92, AC: file "B.C. Credit Union Assn." and vol. 97, 1940 AC: file "B.C. Credit Union Assn."

power and the ability of C.U.N.A. became too hard to resist.

The wholesale, trying to serve widely different groups and lacking connections, similarly made slow progress until late in World War Two. It, like the Vancouver Council, was plagued by political differences and badly restricted by the failure of practical co-operation in the Vancouver area. It became a supplier to the weaker British Columbian hinterland and, until the mid-forties, could not secure any of the lucrative Vancouver market.

At the end of the thirties, therefore, the organized B.C. movement had only one real source of strength, the fishermen's co-operatives, but it did possess the institutions that would make future growth possible. The internal divisions were still present, but they had been muted by exhaustion and past failures. British Columbia lagged behind Saskatchewan in co-operative development, but it had begun the tasks of integration and diversification.

vi

In the Maritimes, a similar pattern unfolded: the basic producers, the fishermen, the miners, and the farmers made the most progress and examined the possibilities of integrating their co-operative activities. The Antigonish movement provided a type of leadership not found elsewhere, and, through the efforts of the enthusiastic A.S. McIntyre, convinced the Union of the value of a Maritimes section at

the 1937 Congress. Unfortunately, the section was premature: too much distrust and isolationism existed in the Maritimes to permit the development of a strong section in the late thirties. The same forces undermined efforts to start a wholesale, efforts that had been initiated during the mid-thirties.

These failures, however, did not hinder co-operative development as much as might be expected. The consumer societies of Cape Breton continued to grow steadily if not spectacularly: by 1939, the British Canadian was retailing consistently over one million dollars, and the other Cape Breton affiliates were approaching the half million dollar mark.<sup>1</sup> The Canadian Livestock Co-operative sold another half million, while a recently affiliated society in Moncton<sup>2</sup> retailed nearly fifty thousand dollars. Credit Unions also continued to expand in Nova Scotia during the latter half of the decade, and, in 1939, they numbered over 800, served more than 27,000 people, and possessed assets totalling close to \$750,000.<sup>3</sup> Similarly, the credit unions in New Brunswick made rapid strides during the late thirties, totalling 119 unions in 1939, serving<sup>4</sup> over 13,000 people, and possessing assets of \$238,000. In the same

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1. C.C., July, 1940, pp. 12-17.

2. Ibid.

3. C.C., September, 1940, pp. 8-9.

4. C.C., April, 1940, p. 17.

year, Keen negotiated for a comprehensive act to cover co-operative development in New Brunswick, indicating a growing<sup>1</sup> sympathetic interest among government officials.

In 1937, attesting to the wide-ranging interest in co-operation among Maritimers, a group of ten men in Reserve Mines formed a study club out of which emerged one of the country's first serious attempt at co-operative housing. The men took advantage of an unused provincial government plan whereby the government would finance seventy-five per cent of the cost of financing houses under \$2,500. Each individual invested three hundred dollars and purchased a lot in a twenty-two acre site they eventually called Tompkinsville. By buying collectively and by pooling their labour, the men built houses valued at \$2,000 for \$1,350, complete with hedges, underground power lines, a community building for livestock, and a playground.<sup>2</sup> In these developments the Union played a limited role, most of the advice coming from Antigonish and from New York.

Thus, by the late thirties, the three wings of the Maritimes movement were all making progress, attested to by the emergence, in 1940, of The Maritime Co-operator, published in the interests of the Antigonish and farmers

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1. See C.U.C., vol. 88, 1938 CH: file "Departments of Government".

2. C.P. McDonald, "The Co-operative Movement in Nova Scotia", pp. 137-140. See also exchange between Keen and Miss Mary Elliott Arnold, December, 1938, C.U.C., vol. 87, 1938 AC: file "A".

movements. The old mistrust continued, however, reflected in letters from A.B. MacDonald to Keen pleading for help in trying to consolidate the Maritime movement.<sup>1</sup> These differences would not be overcome until 1944 when a provincial section was created, but by the late thirties it was clear that the old separatist forces were losing their impact.

## vii

But it was the Prairie movements that made the greatest progress in the 1936-1939 period, and it was Saskatchewan co-operatism that set the pace for the others. The strength of the Saskatchewan movement was attested to by the educational programs undertaken by the provincial section. The most effective educational activity launched by the section was an agreement to use the services of the wheat pool agents as missionaries for the total co-operative philosophy. The pool representatives were enthusiastic and well equipped: usually they possessed "an automobile, a 16-millimeter motion-picture projector, portable screen and films, plus explanatory charts and literature pertaining to the Pool organization and co-operative enterprise generally."<sup>2</sup> Another arrangement was made with the University of Saskatchewan whereby W.B. Francis, a Regina lawyer, taught

1. For example, see A.B. MacDonald to Keen, August 17, 1942, C.U.C., vol. 108, 1942 SW: file "St. Francis Xavier".

2. J.F.C. Wright, Prairie Progress, p. 112.

a regular course on co-operation within the university's extension program. In 1937, the section began to sponsor radio advertising in the form of short announcements and relatively long addresses written by co-operative leaders, including George Keen and W.C. Good. The success of these educational activities was demonstrated by the increasing number of co-operatives being formed: by 1937 there were 301 trading organizations, 130 community hall societies, 14 combination trading and community halls, 20 community<sup>1</sup> pasture associations, and one reservoir project.

On the practical side, the section was primarily concerned with expanding the wholesale. In 1936<sup>2</sup> the wholesale distributed \$530,000 worth of merchandise, but it was still undertaking a brokerage business and was not conducting a warehousing operation on any scale. Warehousing required a large volume of trade to be feasible, and the section tried to stimulate this increase among its members. In return, the wholesale abdicated from some of the educational and advisory activities it had previously assumed, handing them over to the section. This unburdening freed the wholesale for new efforts to enlist the support of co-operatives not yet using its services.

The efforts of the wholesale were eventually successful:

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1. C.C., July, 1937, pp. 11-12.
  2. Ibid., September, 1937, pp. 12-13.

between 1935 and 1939 its annual turnover increased from \$440,000 to about \$1,500,000.<sup>1</sup> A steadily increasing consumer movement was one factor in this expansion--C.U.C. affiliates alone increased their gross sales from \$1,000,000 to \$1,330,000--but the most important source of the new strength was increasingly closer co-operation with the producer co-operatives. Since 1933 the wholesale and the pools had been co-operating in the purchase of bulk supplies, notably binder twine purchased from British manufacturers and petroleum and coal purchased locally. Developing this relationship was not an easy task because of suspicions on both sides, but as the wholesale displayed its strength and as the pools refrained from attempting complete domination,<sup>2</sup> a satisfactory relationship was developed. Pool leaders, both provincial and local, were nearly all sympathetic to consumer co-operation, and they did not rush into the sale of bulk items because they did not want to destroy existing retail societies.<sup>3</sup>

This co-operative approach between the various aspects of the movement served Saskatchewan co-operators well when the prosperous period began in 1939. This prosperity was reflected in the rapid growth rate of the wholesale, already

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1. C.C., September, 1936, pp. 22-23 and July, 1940, pp. 16-17.

2. For a more complete summary of this development, see J.F.C. Wright, Prairie Progress, pp. 109-121.

3. Ibid., pp. 114-115.

mentioned, and in the growth of the producer pools.<sup>1</sup> The wheat pool had a surplus of \$860,000 in its operations in 1939 in comparison to a deficit of \$69,000 in 1938,<sup>2</sup> while the Livestock Pool increased its sales \$515,000 to nearly \$3,200,000.<sup>3</sup> Thus, just as the war started, both types of co-operation pushed rapidly forward, just in time to take maximum advantage of the 1939 wheat crop, the best harvest in ten years. This prosperity, which continued throughout the war years, became the stabilizing factor behind the extensive co-operative development of the 1940's.

With the prosperity, the Saskatchewan movement began to enter new fields. In 1939 the wholesale purchased a flour mill at Outlook, Saskatchewan, to meet the needs of the societies it served. This mill, capable of producing five hundred bags of flour and two hundred bags of feed a day, was the largest country mill in Western Canada. After the mill was operating, the wholesale helped each society construct storage facilities so that customers could secure flour whenever they wanted and not have to order their supplies, as in the past, once a year.<sup>4</sup> With this venture, the Saskatchewan co-operators entered into manufacturing,

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1. J.F.C. Wright, Prairie Progress, p. 116.

2. C.C., September, 1939, p. 14.

3. C.C., July, 1940, pp. 16-17.

4. C.C., August, 1939, pp. 11-12.



a part of their business which became of increasing importance in later years.<sup>1</sup>

With the growth in late 1938 and all of 1939, the development of the provincial section increased rapidly. Following its creation in 1936, the section had tended to languish because of adverse crop conditions in 1937 and 1938. It had continued to function and undertake the activities already mentioned, but it lacked momentum and was not taking advantage of the movement's rapid growth. In 1939, this drifting tendency was abruptly ended at the annual conference of the Saskatchewan Co-operative Trading Association, held in Regina on June 27 and 28.<sup>2</sup> Led by Robert McKay, the manager of the Saskatchewan wholesale, the Saskatchewan co-operators decided to establish a more completely-organized section with a full-time secretary, office assistance, and an adequate budget. After some minor changes in the Union's Rules and an agreement whereby the section and the national office would share fees raised in the province, the section became completely organized through a series of motions on June 29 at a Union Congress in Winnipeg.<sup>3</sup>

Thus, the Saskatchewan co-operative movement emerged out of the thirties well organized, effectively led, adequately financed, and confidently optimistic. It had too

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1. See J.F.C. Wright, Prairie Progress, p. 119ff.

2. C.C., July, 1939, pp. 22-27.

3. Ibid., pp. 16-17.

many organizations, but there was co-operation between all of them, and the consumer-producer conflict was at a minimum. Young, competent executives were scattered throughout the province's co-operative organizations, and they would, for the most part, become the aggressive, capable leaders of the national movement in the forties and fifties. Saskatchewan co-operators had seen the merit of integration before their colleagues elsewhere, had worked harder for it, and had produced a stronger movement because of it.

The development of a strong provincial section in Alberta was a much more difficult process. The Alberta section grew out of the wholesale's difficulties in expansion in 1934 and 1935. Unlike the Saskatchewan situation where relatively good relations had developed between the consumer co-ops and the producer organizations, the Alberta movement was seriously divided. The Alberta wholesale, for example, was unimpressed with the U.F.A. fieldmen and would not rely upon them as much as their Saskatchewan counterparts<sup>1</sup> relied upon the pools and United Farmers. Its problem in this area was indicated by an agreement between the Alberta Pool, the U.G.G., and U.F.A.--an agreement in which the wholesale was not consulted--whereby the farmers organizations would distribute bulk supplies in areas where consumer

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1. W. Halsall to Keen, January 26, 1935, C.U.C., vol. 161, 1935 AD: file "Alta. C.W.S."

societies existed. This agreement, in effect, undermined the wholesale's activities and limited it to exclusive reliance upon the few consumer societies. Alberta co-operators, during 1935, were coping with the same problems their Saskatchewan brethren had struggled with in the twenties.

Operating under these difficult conditions, the Alberta section could not develop as rapidly as its Saskatchewan counterpart. Nevertheless, beginning in late 1935, the Alberta section began to muster what strength it could because of its concern over the unknown intentions of both the United Farmers of Alberta and the Alberta Social Credit movement. In an effort to compete with Social Credit's economic program, the U.F.A., in 1936, adopted a platform emphasizing co-operative development. The U.F.A. adopted this course because it believed that the Social Credit economic arguments would soon prove unviable and that another program of economic panaceas would be able to attract the support of Albertan voters. Thus, the U.F.A. increased its efforts to organize petroleum and bulk-commodity locals, thereby competing more strongly with consumer societies.

But it was the attitude of the recently-elected Social Credit government that most perplexed the co-operators.

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1. W. Halsall to Keen, April 8, 1935, C.U.C., vol. 161, 1935 AD: file "Alta. C.W.S."

2. W. Halsall to Keen, February 15, 1937, C.U.C., vol. 172, 1937 AC: file "Alberta Co-operative Wholesale Assn. Ltd."

During its early, most confused period in office, the Social Crediters appeared to be contemplating entrance into co-operative undertakings. Aberhart himself investigated the possibility of uniting his party's economic efforts with the wholesale, but rejected the idea when the latter organization encountered financial difficulties.<sup>1</sup> Aberhart and his party then thought of organizing a province-wide "co-operative" society under the control of existing retailers and interested consumers. Essentially a reaction against eastern wholesalers, this plan envisioned the establishment of a provincial wholesaling agency at Lethbridge. The wholesale would serve all varieties of retail outlets which would be organized efficiently so that each town would have the minimum number of grocery, hardware, and drug stores needed to serve its population. By this plan, the Social Credit movement sought to protect the merchants, provide for some consumer control, eliminate dependence upon the eastern wholesalers, and minimize the cost of distributing consumer goods.<sup>2</sup>

One subsidiary idea in this plan to organize the Alberta wholesale and retail systems was a close connection with the British co-operative wholesales. George Keen was

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1. See exchange between W. Halsall and Keen, C.U.C., vol. 167, 1936 AC: files "Alta. C.W.S." and "Alta. Section."

2. W. Halsall to Keen, September 29, 1936, ibid., file "Alta. C.W.S."

partly responsible for this idea, as he advanced it first in July, 1936, during an interview with Lucien Maynard, a minister in the Social Credit government.<sup>1</sup> Maynard seized upon Keen's idea, seeing in it a chance to establish a barter system whereby Alberta agricultural goods could be exchanged for articles manufactured by the co-operative wholesales. Maynard contacted a visiting delegation of Scottish wholesale directors and invited them to meet with Aberhart. The meeting was a disaster: Aberhart became ill and could not attend, his representative would not talk about reciprocal trade, was rather rude, and told the directors, "we don't want your goods--we want to manufacture for ourselves."<sup>2</sup>

The same ambivalent, bewildering approach characterized the Social Credit attitudes toward co-operation generally: on the one hand, a government member could state that "... it was the purpose of Social Credit to give dividends and that co-operators were working in harmony with Social Credit principles";<sup>3</sup> on the other, some Social Credit spokesmen believed that co-operation, and the British wholesales, in particular, were tools of the "Socialist-Communist-Finance-Ring-Trades Union-Cartel" world plot.<sup>4</sup>

1. Keen to R.W. Leckie, January 28, 1937, C.U.C., vol. 175, 1937 NS: "Scottish Co-operative Wholesale Society Ltd."

2. "Copy of letter sent to Mr. Aberhart, Premier of Alberta by Deputation of S.C.W.S. which visited Canada recently", ibid.

3. W. Halsall to Keen, March 24, 1936, C.U.C., vol. 167, 1936 AC: file "Alta. C.W.S."

4. C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System (Toronto, 1962), p. 184.

The uncertainty about Social Credit intentions strongly stimulated the Union's supporters in Alberta. They realized that, if they did not move quickly, then parts of their movement would be either destroyed or absorbed by Social Credit. In late 1936 the newly-organized section embarked upon an ambitious educational program to make its position better known throughout the province. It sponsored radio programs featuring speeches written by leading co-operators including J.P. Warbasse, Henry J. May, and George Keen.<sup>1</sup> It also undertook to lobby--with considerable effectiveness--against projected government attempts to set price-fixing codes. These attempts, growing out of the 1935 Price Spreads Commission, tried to protect small retailers from the "loss leaders" used so effectively by their chain store competitors.<sup>2</sup> Because of the section's lobbying, E.C. Manning, in charge of the efforts to eliminate "loss leaders", made certain that co-operation was not adversely affected.<sup>3</sup>

As the Social Credit government began to stabilize itself, much of its supposed threat to co-operation dissipated.

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1. W. Halsall to Keen, September 29, 1936, and Keen to Halsall, October 6, 1936, C.U.C., vol. 167, 1936 AC: file "Alta. C.W.S."

2. Keen to P.J. Schoonenberg, March 18, 1939, C.U.C., vol. 186, 1939 SY: file "Waldhof Farmers Co-op."

3. Keen to W. Halsall, February 5, 1936, C.U.C., vol. 167, 1936 AC: file "Alta. C.W.S.", A.H. Christensen to Keen, February 9, 1939, C.U.C., vol. 92, 1939 AC: file "Alberta-Supervisor Coop Activities", and Keen to W. Halsall, February 5, 1936, C.U.C., vol. 169, 1936 HM: file "Killam District Co-op Assn. Ltd."

The plan to organize the retail trade within a merchant-consumer "co-operative" was dropped as a government project, though it did produce the Alberta Co-operative Consumer and Marketers Ltd., an offshoot of the Social Credit League.<sup>1</sup>

The A.C.C.M., avowedly non-political, was dominated by traditional retailers, but its decisions were influenced by consumer representatives. Its board was made up of seven retailers and a government official, but its stockholders were nearly all consumers. The A.C.C.M. was not, however, given extensive power by the government, and it had to compete with other retail organizations. It had some success in establishing locals, for the most part in areas that strongly supported the Social Credit movement, but it never became the all-powerful institution once fearfully anticipated by Alberta co-operators.

In fact, the election of the Social Credit government ultimately had considerable direct benefits for the Union supporters in the province. One of the greatest obstacles to sound co-operative development in Alberta before 1935 had been the absence of a strong government official genuinely interested in consumer co-operation. There had been, since the 1920's, a Supervisor of Co-operative Activities, but the men holding that office had never shown much enthusiasm or undertaken the projects that their Manitoba and

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1. Hereafter abbreviated, when desirable, to A.C.C.M.

Saskatchewan counterparts had. Keen's itineraries, for example, were never financed or organized by the Alberta government, and no extensive educational programs were ever launched. The official was usually preoccupied with supervising quasi-co-operative organizations partly financed by the government, and he never took any interest in consumer co-operation.<sup>1</sup>

Shortly after the Social Credit assumption of power this situation was altered. In late 1936 the government appointed A.H. Christensen as the Supervisor of Co-operative Activities. Christensen was a Dane with eleven years' experience in the Danish movement, most of it with the Danish Bacon Co-operative.<sup>2</sup> He was primarily interested in producer co-operation, but, in contrast to his predecessors, he was also intrigued by consumer co-operation and tried to work with the Union representatives.<sup>3</sup> Although he inherited a very complicated situation created by the rivalries between the consumer co-operators, the Social Credit movement, and the U.F.A., he managed to provide some consistent leadership for the Alberta movement.

One of Christensen's first tasks was the writing of a new provincial co-operative act. The act in force when he

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1. Keen to W. Waldron, July 27, 1934, C.U.C., vol. 71, 1934 SW: file "W".

2. A.H. Christensen to Keen, June 25, 1937, C.U.C., vol. 81, 1937 AC: file "Alberta--Supervisor of Co-operative Activities".

3. W. Halsall to Keen, June 4, 1937, C.U.C., vol. 172, 1937 AC: file "Alberta Section".



arrived--the 1913 act amended many times--was vague, inefficient, and, from the co-operative viewpoint, unsound. It did not, for example, specify how the surplus of a co-operative venture might be used, thereby permitting some Alberta societies to return surpluses to members on the basis of capital and not on the basis of patronage.<sup>1</sup> In drawing up the new act, Christensen relied heavily upon the advice of the C.U.C.<sup>2</sup> Keen prepared a rough draft of the new bill, based upon a similar act he had drawn up for Saskatchewan in 1935 and submitted it to the deputy minister of the Department of Trades and Industries. This rough draft, slightly modified by Christensen, became Alberta's new co-operative act, and it had the following main features: strong protection for co-operation against fraudulent practices by promoters; the elimination of proxy votes; the forbidding of donations to political parties; the insistence that small societies avoid extending credit; and the provision<sup>3</sup> that surpluses be distributed according to patronage.

Christensen tried very hard, but with little success, to make the various aspects of the movement co-operate closely with each other. He tried, for example, to integrate

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1. Keen to W.D. King, January 7, 1937, C.U.C., vol. 81, 1937 AC: file "Alberta--Supervisor of Co-operative Activities".

2. A.H. Christensen to Keen, June 25, 1937, C.U.C., vol. 81, 1937 AC: file "Alberta--Supervisor of Co-operative Activities".

3. A.H. Christensen, Report on Co-operation, undated, ibid.

the U.F.A. with other organizations interested in co-operation,<sup>1</sup> but the U.F.A. went its own way within the Alberta Co-operative Council, a politically-active institution dominated by N.F. Priestly. Christensen also devoted considerable energy to an effort to unite the orthodox co-operators with the Alberta Co-operative Consumers and Marketers, but his efforts were thwarted by the Union associates in Alberta who would not accept the retailer-dominated A.C.C.M. as a true co-operative.<sup>2</sup> Nevertheless, Christensen's efforts were of some significance in that they were the first attempts by the Alberta government to follow the lead of Manitoba and Saskatchewan in stimulating the creation of an integrated movement; in time, they would contribute to the eventual unification of Alberta co-operation.

From the Union's viewpoint, however, the crucial organization was the wholesale, still struggling in 1936 under the part-time direction of William Halsall, the manager of the Killam society. According to the C.U.C. approach--the approach which had prevailed in Saskatchewan--the wholesale would be the heart of the provincial section, providing the economies of large scale distribution, the advantages of experienced and immediate practical advice, and the economic

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1. A.H. Christensen to Keen, June 25, 1937, C.U.C., vol. 81, 1937 AC: file "Alberta--Supervisor of Co-operative Activities".

2. W. Halsall to A.H. Christensen, June 4, 1937 (copy), C.U.C., vol. 172, 1937 AC: file "Alberta Section".

support needed for sound educational programs. Although its financial position was weak in 1936--it grossed a mere \$30,000<sup>1</sup>--its overall position was basically sound: there were very few debts despite the difficulties of the early thirties; it had successfully avoided domination by either the U.F.A. or the Social Credit movement; and it still had the support of some strong societies in Killam, Hanna, Edmonton, Wetaskiwin, and Edgerton. At the 1937 meeting of the Alberta section, it also received the enthusiastic endorsement of the provincial government,<sup>2</sup> and, with the interest in co-operation stimulated by the Depression, was ready for a period of rapid expansion.

During 1937 and 1938 investigations were carried out, and plans were laid for the establishment of a more complete wholesale structure. By early 1938 the reformation was complete: the "new" wholesale consisted of thirty-five societies, each of which contracted to pool all their purchases through the wholesale.<sup>3</sup> The societies further planned to raise \$3,500 in capital and to open a new head office in Edmonton under the management of one David Smeaton, a man with many years' experience as a purchasing agent for both co-operative managers and private traders.<sup>4</sup>

1. C.C., March, 1937, pp. 8-9.

2. C.C., August, 1937, pp. 8-12.

3. C.C., April, 1938, pp. 13-14.

4. W. Halsell, who had been in indifferent health since 1931, retired as manager of the wholesale and shortly thereafter, as manager at Killam. Keen to B.N. Arnason, April 6, 1938, C.U.C., vol. 87, 1938 AC: file "C".

With Smeaton's careful management and the assured markets of thirty-five co-operatives, the wholesale grew quickly. In 1938 it distributed over \$250,000 worth of merchandise,<sup>1</sup> a remarkable increase from the \$20,000 to \$30,000 customary in the previous four years. In 1939, it continued to make remarkable progress, its sales doubling those of the previous year to reach nearly \$575,000.<sup>2</sup> Like the Saskatchewan wholesale, the Alberta society was no longer insignificant, and it could demand some respect within the provincial movement.

The growth of the Alberta C.W.S., however, did not lead immediately to increased power and prestige for the Alberta section. Most of the leaders of the Alberta affiliates were too caught up in the expansion of 1938 and 1939 to be able to give much attention to the section. Others, notably Halsall of Killam and Rasmusson of Wetaskiwin, could not provide the leadership they had in the past because of ill health. Christensen was sympathetic and might have played the role Arnason did in Saskatchewan, but he was deeply involved in the Alberta Co-operative Council, the basically producer-oriented educational institution launched a few years earlier by the U.F.A. and the pools. The section, therefore, continued to exist, but it did not

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1. C.C., June, 1939, pp. 16-17.

2. C.C., July, 1940, pp. 16-17.

prosper as the Saskatchewan section did in 1939; the divisions, partly political, partly traditional, were too strong to allow a united Alberta movement to emerge in the thirties, though one did in the forties.

A similarly lopsided but aggressive movement developed in Manitoba during the late thirties. The wholesale, guided by W.F. Popple, continued to prosper by serving the petroleum, binder twine, and general supply needs of Manitoba farmers: its gross sales marched steadily forward from \$320,000 in 1935<sup>1</sup> to over \$600,000 in 1939.<sup>2</sup> It had the assistance of a sympathetic government agency, the Manitoba Co-operative Promotion Board led by J.W. Ward, and it had the support of the major agrarian producer organizations. But the wholesale continued to lack a strong consumer movement, and could not develop along the lines of a traditional co-operative wholesale. Most of the distributive co-operative activities were undertaken by the wholesale locals which were little more than buying clubs. There were twenty-five of these locals, most located<sup>3</sup> in the southern and south-western parts of the province. In addition,

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1. C.C., July, 1940, pp. 16-17.

2. C.C., September, 1936, pp. 12-13.

3. "List of Customers of the Manitoba Co-operative Wholesale Society", C.U.C., vol. 174, 1937 HM: file "Manitoba Co-operative Wholesale Limited".

there were a variety of farmers organizations--some independent, some associated with one or other of the pool organizations, and some affiliated with the United Farmers of Manitoba--that were also served by the wholesale. In essence, therefore, the Manitoba wholesale was really little more than a commission agent in the thirties.

The leaders of the wholesale recognized many of the deficiencies in their provincial movement, and, throughout the last half of the decade, tried several ways to overcome them. Popple, in particular, tried to popularize the total co-operative movement and philosophy throughout Manitoba. At every annual meeting of the wholesale he pressed the locals represented to affiliate with the C.U.C., suggesting that the Union could provide the educational services needed to produce a strong provincial movement. He also recommended that interested groups in Manitoba form study clubs under the guidance of the Union's Brantford office.<sup>1</sup> By 1937 this repeated message began to have an effect: in that year Altona, Cartwright, and Minto, all in the more prosperous southern parts of the province, affiliated with the Union.<sup>2</sup>

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1. For a typical eulogy of the C.U.C. by Popple and other wholesale leaders, see C.C., February, 1937, pp. 14-16.

2. Minutes, Annual Meeting, Manitoba Co-operative Wholesale, January 20-21, 1937, C.U.C., vol. 174, 1937 HM: file "Manitoba Co-operative Wholesale Limited".

Another project sponsored by the wholesale and by the Co-operative Promotion Branch was an annual meeting of Manitoba co-operative societies. Popple, as C.U.C. vice-president in Manitoba, usually called the meeting which coincided with Keen's annual western itinerary. At the meetings Keen gave one or two addresses on various aspects of the movement, customarily concentrating upon the necessity of education. Following the conference, Keen usually visited a few of the farmers' societies before travelling on to Saskatchewan. This annual program of activities lacked the impact of the Saskatchewan tours, but they did help to make the Union known throughout the province. The meeting's conveners, through the Co-operative Promotion Board, also used considerable C.U.C. information in study groups they encouraged throughout the province. The annual meeting, in short, was an informal provincial session that popularized the Union in Manitoba.

Until 1938 the wholesale was the main stimulus behind these annual conferences, but, beginning in that year, the Promotion Board assumed responsibility. As a result, more effective conferences were held because the Board had ready access to both farm leaders and government officials. The 1938 conference, for example, was an impressive affair: it was held in the legislative buildings, was addressed by the Premier, was given considerable attention by the press, was well publicized, and was attended by delegates from other

provinces.<sup>1</sup> At that conference, considerable time was devoted to questions of education, local societies reporting upon educational programs that had proved successful, the Promotion Board describing one of its successful series of meetings based on moving pictures of foreign co-operative movements, and George Keen outlining the best techniques in organizing a study club.

In part because of the emphasis on education at the 1938 conference, the many agricultural organizations in the province began to co-ordinate their educational activities. In June, 1939, seven hundred delegates from the United Farmers of Manitoba, the U.G.G., the Manitoba Poultry Pool, the Wholesale, the Livestock Pool, the Pool Elevators, and the Vegetable Pool met to form the Manitoba Federation of Agriculture.<sup>2</sup> This new organization was charged with all the educational activities among farmers within the province. The Union had some voice in this organization through its participating affiliates and through the prestige of George Keen, but ultimately its influence was weak in comparison with the power wielded by the agrarian institutions.

The emergence of a strong agrarian educational organization interested in co-operation and marginally associated

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1. See C.C., July, 1938, pp. 8-12.

2. J.W. Ward to Keen, June 26, 1939, C.U.C., vol. 93, 1939 CG: file "Co-operative Union, Ltd. (Great Britain)". See also announcement, without title and undated, C.U.C., vol. 184, 1939 CM: file "Manitoba Co-op Wholesale".



with the C.U.C. was an accurate reflection of the nature of the Manitoba movement. In Alberta, and especially in Saskatchewan, strong consumer societies, dependent only in part upon agrarian support, had influenced their respective provincial movements and had maintained some strength for the Union's viewpoint. In Manitoba, there were no really strong societies, and the movement, despite the goodwill of some agrarian leaders, tended to ignore the Union and to develop on its own.

Manitoba, in short, was different from the other two Prairie provinces in that mystic co-operators had little impact. There were, for example, very few British co-operator immigrants of the 1906-1914 period settled in Manitoba; most of them had gone on to Saskatchewan and Alberta where they had a decided impact between 1920 and 1935. Similarly, there were fewer small towns in Manitoba that could provide the environment in which co-operative stores could best thrive. Instead, there was the large city of Winnipeg, a number of elevator points, small villages, and a very few towns. To thrive in an urban centre, co-operation had to thrive in Winnipeg, a development that did not take place until many years after 1939.

Co-operation met the same obstacles in Winnipeg that it met in other large Canadian cities: developing a sense of community was not easy; the competition was efficient; the labour movement was only spasmodically interested; class

divisions did not provide the incentives they did in Europe; and managerial skill was difficult to find. Moreover, the demographic nature of Manitoba made the split between country and city more serious than elsewhere. In Alberta and Saskatchewan the movement easily overcame differences between farmers and labourers; not so in Manitoba where labourers within the co-operative movement were poorly organized and farmers were somewhat resentful of Winnipeg's dominance. Co-operative societies that emerged in Winnipeg during the late thirties, for example, had little opportunity of being heard in the annual meetings of the wholesale, and they did not take part in the consolidation of co-operative activities that took place in 1939.<sup>1</sup>

Within Winnipeg there were two major sources of co-operative interest: the ethno-political movements of the North End and the reforming "religious" enthusiasms of lower and middle class socialism. From the former sprang the Workers and Farmers Co-operative Association made up mostly of Ukrainians. It emerged in the early thirties out of the Ukrainian Farmer-Labour Temple, and it applied for affiliation in 1938. After consulting with Timmins Ukrainians who knew something about the Winnipeg situation, Keen rather regretfully did not allow the society to affiliate because

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1. Interview with Mr. H.C. Procter, May, 1970. Mr. Procter, a typesetter by trade, was active in formation of the Red River Co-operative during the late thirties.

of alleged domination by communists.<sup>1</sup> In 1936, from more moderate lower and middle class circles, there emerged a number of study groups loosely affiliated in the Winnipeg and District Co-operative Education Association. It was made up of religious leaders, CCFers, and trades unionists generally interested in the British model of co-operation. In 1938 these groups amalgamated to form the Red River Co-operative. In time, this co-operative would become a nucleus for consumer co-operation in the province, but, until then, the producers would overwhelmingly dominate the field.

Thus, by 1939, each of the three provincial movements on the Prairies had its distinctive features. Saskatchewan had the most complete movement and deserved the sobriquet of "Our Co-operative Province" often bestowed upon it; its movement possessed unity, energy, power, and resourcefulness. The Alberta movement, still haunted by the political affiliations and narrow outlooks of its leaders, was nevertheless growing and on the verge of achieving unity. Manitoba shared in the prosperity, but the urban areas had not yet been broached, and, until they were, the movement would be restricted in its outlook and capabilities.

Thus, from the Union's viewpoint, the most significant development in Prairie co-operation during the late thirties

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1. See exchange Keen and C.M. Haapanen, June and July, 1938, C.U.C., vol. 178, 1939 C: file "Consumers Coop Soc. Ltd. Timmins".

was the emergence of at least partly-integrated provincial movements. From a consumption viewpoint, the most important part of these movements was the creation of strong wholesales. In 1939 the combined sales of the three wholesales was nearing the \$3,000,000 mark,<sup>1</sup> enough to insure the possibility of making large savings for western co-operators. The sales were also large enough to stimulate discussions about pooling the purchasing power of the three wholesales. The C.U.C. prompted these investigations, beginning with a meeting in Regina of the Saskatchewan Co-operative Trading Associations in June, 1938, where Keen<sup>2</sup> emphasized the advantages of buying in large quantities. As a result, on November 15, 1938, representatives of the Prairie wholesales met in Saskatoon to consider pooling orders, selling under the "co-op" brand name, encouraging purchases from other national movements, and possibly creating an inter-provincial wholesale.<sup>3</sup> A committee was appointed, consisting of the leading executives in the three organizations, to investigate the matter thoroughly. During 1939 they made their report, which was favourable, and a further meeting of the three societies was held in Winnipeg in March, 1940.

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1. C.C., July, 1940, pp. 16-17.

2. C.C., April, 1940, p. 7.

3. C.C., December, 1938, p. 15.

At that meeting, it was decided to form Interprovincial Co-operatives Limited, a wholesale for the pooled orders of all interested provincial wholesales.<sup>1</sup> In this development, more than any other, could be seen signs that the co-operative movement was finally beginning to escape the bonds of provincialism.

The emergence of integrated provincial movements, the beginnings of interprovincial co-operation, and Saskatchewan's attempts at co-operative production in its refinery and flour mill, all signaled the emergence of self-sufficient co-operative organizations on the Prairies. The Union played a role in these developments, and it was a respected, though minor, participant in each of them. Ultimately, however, the major decisions were made by Prairie co-operators who tended to inform the Union of changes after they had been decided upon. In the final analysis, and, especially in the late thirties, George Keen and W.C. Good did not play decisive roles in any of the major decisions of the Prairie co-operatives. One reason for this situation was that, beginning in Saskatchewan, the agricultural producers had assumed so much power that they overwhelmed whatever voice the Union had. Another was the fact that the businesses had become too large for Keen and Good to offer constructive

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1. C.C., April, 1940, pp. 14-16.

advice: over the years they had developed considerable ability in advising small societies, but they did not have the practical knowledge to be of much help to the managerial groups in charge of complicated western co-operatives. Perhaps just as importantly, both men, but particularly Keen, had been brought up in an increasingly more irrelevant school of co-operation: by 1939 he was seventy years of age, his generation of English immigrant leadership had disappeared, and he found it increasingly difficult to communicate with the practical, producer-oriented, agrarian leadership in control of the western movement.<sup>1</sup> The Union had played a significant role in stimulating the expansion on the Prairies between 1925 and 1935; but in the late thirties its importance was, in terms of the total movement, greatly diminished.

There was, too, a certain logic in the Union's lack of power in the West after 1936. The essence of co-operation, as practiced by the C.U.C., was individual initiative operating through community action. The Union, centered in Ontario, was isolated from the day-to-day problems of western co-operators, and the only way it could gain power was

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1. Keen's familiarity with the western consumer society noticeably declines from 1935 onward. Because of the number of societies, the loss of old friends, and of services undertaken by provincial civil servants, the western societies no longer consulted Keen very frequently. In the Union records that remain, correspondence between Keen and the various societies is very routine and often very thin after 1935.

through the generosity of the western movement; up until 1939, at least, Prairie co-operators were not willing to make that grant. Unable to see the necessity for a strong national organization, they were primarily concerned with developing their own co-operative institutions essentially for their own economic advantage.

Perhaps the true role of the Union in the development of Prairie co-operation after 1936 can be seen in the western credit union movement. Keen was one of the strongest and earliest advocates of credit unions in western Canada; from the early thirties onward, he consistently and earnestly advocated them,<sup>1</sup> especially as a way whereby consumer societies could extend credit services without overburdening their managers. He had also helped in the preparation of credit union legislation for each of the three provinces. Yet, once the credit union movement prospered after 1935, he had little to do with it: provincial civil servants did most of the advising and undertook educational activities; many credit unions became more closely associated with the economically powerful Credit Union National Association in the United States; and the Unions in the provinces came quickly together to form their own provincial organizations. Keen and the C.U.C. served as excellent catalysts, but they did not benefit materially from the programs they helped

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1. M. Clements, By Their Bootstraps, p. 39.

to initiate.

The failure of the western co-operators to make the C.U.C. a vital part of their operations, however, did not mean that its past services were completely unappreciated. In 1938, while Keen was on his western tour, Saskatchewan co-operators gave him several gifts as tokens of their appreciation for his efforts. Keen, deeply moved by the presentations, expressed his "mental satisfaction" at being recognized by his colleagues: for him, such recognition represented the highest form of earthly happiness.<sup>1</sup> These gifts, in effect, marked the end of his close attachment to a struggling movement--a movement that had surpassed him.

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Though his advancing years and the affiliated movement's increasing complexity made his work more difficult, Keen was delighted with the C.U.C.'s growth during the late thirties. Similarly, W.C. Good took great pride in the Union's development. In his annual addresses to the Congresses of 1937 and 1939,<sup>2</sup> Good assured the delegates that the Canadian growth proved that the movement had a role to play in the modern world. Indeed, without co-operation, the forces of democratic change and common decency would have little chance in their struggle against totalitarian domination and primitive

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1. C.C., July, 1938, pp. 16-17.

2. The executive decided not to hold a Congress in 1938.



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barbarianism.

Amid the general optimism, two further developments deeply affected the Union executive between late 1936 and 1939. One of these was a personal loss to George Keen, occurring on October 4, 1937, when his wife died in Brantford. Her death was a particularly harsh blow because it came unexpectedly after his return from the Montreal Congress of that year: indeed, she had hidden her worsening condition prior to his departure, so that he would not be preoccupied during the Congress. Such devotion to her husband's career was typical: for over thirty years she had accepted economic deprivation and her husband's frequent absences as her contribution to the Union's growth. Though she was a quiet, unobtrusive woman, her willingness to sacrifice had been as much a final source of strength for the Union as her husband's devotion to mystic co-operation.

The other development that affected both Keen and Good between late 1936 and the end of 1939 was the steadily-worsening international situation. For Good and Keen there were two major related questions raised by the rise of Hitler, Mussolini, and Stalin: "What should be done to combat totalitarianism?"; and, "Should war be avoided?"

For George Keen the answers were simple. Since the emergence of Mussolini and Hitler, he had strongly opposed

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1. See C.C., October, 1927, pp. 8-12 and July, 1939, pp. 10-14.

them even though he had bitterly denounced the victors of World War One for creating the situations ultimately responsible for their rise. Nevertheless, for him, there was no possibility of compromise, largely because both men had shown their true colours in their organized repression of co-operative developments in the lands they controlled. His opposition to fascism became particularly pronounced after Hitler systematically destroyed the co-operative movements of Czechoslovakia and Austria during the late thirties. He promoted--though without much success--appeals for the refugee co-operators from these lands and from Spain during the Spanish Civil War.<sup>1</sup> He took a more moderate stand against communism until the Russo-German alliance and the invasion of Finland; those two events convinced him that communists would not accept such fundamental rights as the freedom of association and must, therefore, be forcefully dealt with.<sup>2</sup>

Because George Keen so emphatically opposed the rise of the totalitarians, he believed that force would ultimately be necessary to crush them. He wanted economic

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1. At least three hundred dollars was raised in these appeals and probably much more. The exact amount is difficult to establish because Keen publicized only donations from societies and not those from private individuals, including himself.

2. C.C., September, 1939, p. 6.

sanctions to be applied completely to Germany, Italy, and Japan, and, if that did not work, he wanted armed force to be employed. He had no faith in appeasement, and he attacked the Canadian government during the thirties for supporting it. But he also believed, in keeping with most co-operative leaders, that the proper agency to undertake military intervention was the League of Nations. Thus, he, along with W.C. Good, was responsible for the Union's consistent support for the League throughout the thirties, culminating in affiliation with the League of Nations Society in 1937.<sup>1</sup>

Good took a somewhat different approach to Keen. He was more impressed with the isolationist, pacifist stand best articulated by J.S. Woodsworth. Even more than Keen, he emphasized that fascism was the ultimate result of competitive individualism and producer domination. He was preoccupied with the amount of semi-fascist and fascist tendencies he saw in Canada; too preoccupied, perhaps, to be overly concerned with Germany, Italy, Spain, and Japan. For him, the greatest failings since World War One had taken place in the democracies, not in the countries that had become fascist. Thus, he devoted much of his attention to Canada's internal situation. In letters to Ernest Lapointe and in various manuscripts, he attacked Canadians for their selfishness, their willingness to accept an

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1. See C.U.C., vol. 8, 1937, JM: file "League of Nations Society".

isolationist government, their inability to curb their own brutishness, and their continued allegiance to the worst of British foreign policy.

But, in the long run, whatever differences there were between Good and Keen over external affairs were insignificant by the autumn of 1939. Both men strongly supported the war effort, though both pleaded for the compassionate treatment of enemy aliens and pacifists. The emotional ties with Britain and the belief that the fascists posed a threat to the entire movement were too strong for any other course.

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1. See manuscript "Conflicting Loyalties" and letter to E. Lapointe, undated, G.P., vol. X: file "Correspondence 1936-1937".

EPILOGUE AND CONCLUSIONS

We honour the Pioneers most when we surpass them.

T.W. Mercer,

C.C., April, 1937, p. 15.

The year 1939 marked a turning point in the history of the Co-operative Union of Canada. The war, of course, was one cause of the change in direction. Its immediate impact was to make co-operative institutions, like other segments of the economy, prosper as never before. For 1939, fifty-nine affiliated retail societies reported membership of 20,000 and gross sales of \$5,500,000; the three wholesales reported 414 member organizations and gross sales of just over \$5,550,000.<sup>1</sup> In total, the Union represented co-operative organizations with more than 164,000 members selling more than \$14 million worth of goods.<sup>2</sup> For 1943, 248 affiliated retail societies reported sales of \$16,623,000 and membership in excess of 61,000; the three wholesales sold more than \$8 million worth of merchandise. In total, the Union, at the end of 1943, represented 220,000 co-operators organized in business grossing over \$42 million.<sup>3</sup> Once again a period of national crisis had proved to be beneficial

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1. C.C., July, 1940, pp. 12-17.

2. The total sales figure does not include the value of sales made by the Saskatchewan and Manitoba wheat pools.

3. C.C., September, 1945, pp. 10-14. The sales figure does not include those made by the wheat pools.

for the co-operative movement and the Co-operative Union.

The pragmatic success of the Union's affiliates indicated that the efforts of Keen, Carter, and Good had not been without impact between 1909 and 1939. The three men had encountered several major failures, but they had persevered and had contributed to the development of many co-operative institutions across the nation. Thus, by 1939, the Union was in the most secure position of its thirty-year history and was prepared to assume new responsibilities. Keen was still the most important figure in the organization, but he was then a man in his seventies, frequently in ill health, and increasingly out-of-touch with a steadily more complex movement. Similarly, W.C. Good was then a man in his late sixties, still alert and anxious to contribute, but recognizing that his generation was no longer suited for power and that new leaders were needed. Ironically, therefore, the men responsible for keeping the Union alive for three difficult decades were unable to maintain their control when relative prosperity was achieved.

The desire for a change of leadership among the Union affiliates was a natural outgrowth of the prosperity co-operators generally achieved during the war years. Most of the expansion took place in Saskatchewan where farmers and labourers were determined to avoid a recurrence of conditions that had prevailed in the thirties by establishing their own economic and social institutions. With the growth

appeared a number of aggressive leaders, including H.L. Fowler, W.B. Francis, McDermid Rankin, and B.N. Arnason. These new, aggressive, though respectful, leaders became dissatisfied with the Union as it was organized, criticizing it for its inability to meet the needs of co-operators throughout Canada and for its lack of dynamic leadership. The reform movement began among these leaders, but soon spread throughout Canadian co-operative circles; in every region, young, dynamic leaders appeared, leaders who were anxious to make the Union a more potent organization than it had been in the past.

The reformation began in 1943 and was completed in 1945. Good played a prominent role in the process, but the key individuals were in Saskatchewan and Nova Scotia. From the latter province came A.B. MacDonald of St. Francis Xavier's Extension Department, and he became the centre of the emerging, reformed C.U.C. In late 1943, MacDonald was hired as a national organizer to stimulate interest in a rejuvenated Union and to encourage a reorganization of its structure. He travelled across Canada during 1943 and 1944, awakening considerable enthusiasm by lecturing to, and by discussing with, many co-operative groups. Out of the discussions emerged a reorganization scheme implemented in 1945. The scheme involved the establishment of provincial Unions to which all co-operatives having essentially local or provincial objects would be affiliated; the provincial



Union and all interprovincial or national co-operative institutions would alone affiliate with the national Union.

George Keen played a marginal role in the reformation process, though he was informed about the discussions, and his advice was occasionally requested. His relative lack of involvement was caused by his age and by a series of health problems. As mentioned, Good's participation was more important, though as a practising farmer he did not have the time to assume a dominant role. More importantly, though, the Union executives played less important roles than would be expected because the reorganization was fundamentally the result of developments in co-operative institutions beyond their control.

The expansion in the late thirties and early forties, therefore, had produced provincial and regional movements anxious to create their own institutions; in their enthusiasm, the leaders of the expanding movements tended unconsciously to push aside the Union's older spokesmen. The C.U.C., for a while, was becoming important to the businessmen and enthusiasts in charge of the numerous co-operative ventures across Canada. In part, the reforming zeal developed from internal factors within the movement: success bred optimism; expansion had produced managerial ability; the availability of funds made planning possible; and an awareness of co-operation's special characteristics and potential importance became more wide-spread.

There were also some important external factors. The first of these was the war which made co-operators more aware of some of the problems of capitalism and more anxious to reform the society around them. The second was the launching of a strong anti-co-operative program by grain merchants and conservative businessmen. This campaign, though part of an increasingly militant conservative swing in Canada in 1944 and 1945, was directed primarily at alleged taxation privileges granted to the Canadian movement by the federal government. When this campaign emerged, its immediate effect was to unite the movement as never before: co-operators everywhere saw the need of banding together to protect their interests against outside encroachment. The institution selected by the co-operative leaders to lead their fight was the Co-operative Union.

The battle took place before a Royal Commission on the Taxation of Co-operatives appointed in 1944. Under E.M. McDougall, a Quebec judge, the Commission toured the major Canadian centres in 1945 to hear submissions from co-operative organizations and from their opponents. The Commission, which reported in September, 1945, accepted most of the contentions put forward by co-operators, including the crucial claim that patronage dividends were not taxable. This accomplishment was seen as a great victory for the Canadian movement and seemed to indicate that it was reaching new levels of integration and strength.

George Keen and W.C. Good retired after the reform process had been completed and while the battle for taxation rights was being won. Keen was replaced by A.B. MacDonald and Good by Ralph Staples. Recognizing the legitimacy of the pressure for reform, the two men made no effort to cling to their positions even though neither believed himself to be too old or too out-of-date. By retiring modestly and quietly and by helping the reformation process as much as possible, they made their last major contribution to Canadian co-operatism.

The two men retained some association with the Union after their retirements. W.C. Good officially remained as honorary president until his death in 1967, and Keen remained as editor of The Canadian Co-operator until mid-1946, and as an unofficial adviser until his death in 1952. Keen's last years were made as pleasant as possible by a grateful movement which extended him a pension in recognition of his many years of service.

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The major development of the early forties--the sudden manifestation of real interest in the Union by the strongest co-operative businesses in Canada--was a long-awaited event for both George Keen and W.C. Good; it is ironic that they could not have played a greater role in supervising its rapid evolution. But, in another sense, their relatively

quiescent involvement was in keeping with the best co-operative traditions: the reformation process and the mounting of the defence of taxation exemptions were self-help movements, not dominated by authoritarian figures within the movement. Above all, the accomplishments of the period were indications of a maturing movement, a movement that owed a considerable amount to the Co-operative Union.

In yet another sense, the virtual take-over by the pragmatically successful co-operative institutions reflected the Union's own history between 1909 and 1939: perhaps the most prominent feature of its development in those years was its continuous and never very successful effort to enlist the support of the economically stable co-operative institutions in Canada. In other words, the co-operative movement in total was much more than the Co-operative Union represented. Indeed, it is clear that there was not a real movement in Canada but, rather, a series of movements, more or less co-operative in approach, scattered throughout the nation; that is why the centralist tendencies of the early forties--tendencies created by prosperity, persecution, and patriotism--stand in clear contrast to earlier developments; it is also why the Union seemed to be only a part-time adviser at its own reformation.

But why did the Union not succeed in becoming the spokesman for the various Canadian movements between 1909 and 1939? Whatever answers can be found must, to a considerable

degree, involve George Keen. Keen, in effect, was the Union from its beginning until World War Two. He perfected the Union's approach, articulated its policies, broadcast its message, kept it alive during adversity, and dominated its major debates. Insofar as the Union could control its own destiny, Keen basically decided both its strategy and tactics.

Perhaps the most important effect of Keen's domination was that he gave the Union essentially a British point of view. He was very much in the tradition of British co-operators at the turn of the century, and he tirelessly repeated their messages throughout his stewardship. <sup>1</sup> Indeed, to the end, he reflected many of the traits prominent in liberal British circles: in the years after he emigrated he was always a prim Victorian, insistent on the virtue of privacy, devoted to family life, convinced of the virtues of self-help, generally respectful toward authority, certain that the lower classes had within them the virtues that would save mankind, and enamoured by a mystical faith in the possibilities of a future commonwealth. Such an approach had both its positive and negative sides.

On the positive side, Keen's Britishness permitted the Union to appeal with considerable success to British immigrants, especially those who arrived in Canada just before

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1. Curiously, there is no evidence that George Keen participated in any co-operative ventures while he lived in England. It is probable that most of his knowledge of the movement came from reading books after his arrival in Canada, an indication of the extent of the literature on British co-operation.

World War One.<sup>1</sup> Throughout Canada, the Union found a receptive audience among these migrants, and it formed very strong and beneficial alliances with many of them. Indeed, this common background of many of the movement's leaders was one of the few unifying forces the Union possessed in the early years. Indeed, it is doubtful that the Union could have survived without the support of British immigrants who were motivated by ideals similar to those basic to George Keen's approach.

On the negative side, the Union's particular British background made it difficult for the C.U.C. to maintain its appeal throughout the thirties. Most of its early enthusiasts died, departed, or lost influence in the early years of the decade and, increasingly, the movement, like Canada itself, became dominated by indigenous or by American influences. In particular, the credit union movement, the agricultural producer societies, and the manufacturing interests of Canadian co-operatism had few significant British connections by 1939. Rather, different co-operative movements were emerging out of a different society, or, more accurately, out of different societies. And, in their emergence, continental factors were becoming increasingly important. The Union, under Keen's and Good's leadership, never

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1. It is clear that the British immigrants who came after the war were not as interested in the movement as were their earlier arriving compatriots. At least, few emerged as important leaders in the years between 1919 and 1939.

did completely understand these new forms in Canadian co-operatism even though it made a sincere effort to do so from 1924 onward.

The British orientation also made it difficult for the C.U.C. to appeal to certain groups. British immigrants were not universally admired by Canadians throughout the 1909-1939 period, and Keen was often tolerated rather than carefully listened to because of anti-British feelings. More importantly, Keen's strong ties with his homeland's culture and attitudes made it difficult for the Union to communicate well with Canada's new immigrants. There was always a gulf between the C.U.C. and the Ukrainians and Finns on the mining frontiers, and the gulf was only partly political in origin. Indeed, the only immigrant group with which the Union had close contacts was made up of Germans living in Waldhof, Ontario; and this close connection is explained by the almost pathetic need for advice shown by the Waldhof leaders and by their unending gratitude for the assistance the Brantford office rendered them.

But the British background limited the Union most severely in its relationship with French-Canada. In the Union records for the years from 1909 to 1939--records that are very complete--there are virtually no letters from French-Canadian leaders except for those from Alphonse Desjardins; indeed, there are more letters from English-Canadian missionaries in China than from co-operative spokesmen in

Quebec. With reorganization in the forties, some efforts were made to unite forces with the French-Canadian movement, but until then the Union was not concerned at all with French-Canada. In part, Keen's British background explained this omission because it made him, for a long time, underestimate the importance of the credit union movement and because it made him expect to correspond in the English language. This latter tendency became particularly significant as the French-Canadian movement assumed an increasingly nationalistic and defensive posture in the thirties.

The Union also derived its belief in mystic co-operation from Keen's British background. In developing his beliefs, Keen was indebted to the writings of Holyoake and, in translation, to those of Charles Gide, but he also owed much to such contemporary figures as Sir William Maxwell and Henry J. May. The ideas he gathered from these men, plus his own deep Catholicism, made him a well-known figure in international co-operative thought. He became, above all, a pragmatic reformer whose essential message was that every issue must be decided according to the greatest good for the greatest number. He resisted any effort to define the Co-operative Commonwealth, and he argued that mankind's most perfect society will evolve from discussion among great numbers of people and not from the actions of self-appointed saviours.

W.C. Good, although beginning from a different base--



intelligent, community-oriented Upper Canadian agrarianism-- essentially agreed with Keen's viewpoint. Like Keen, he emphasized the importance of calm, dispassionate discussion that was concerned with the general rather than the specific interests. Throughout his life he inveighed against economic, political, and social interest groups that sought to organize Canadian life for their own benefits. To counteract the groups that had gained influence over the years, Good supported the idea that group action by the weak was the first step in reforming Canadian life. He hoped, like Keen, that this organization by groups would be a transitional necessity, to be discarded as soon as all groups recognized the advisability of co-operating with each other.

Keen, Good, and, to a lesser degree, Carter, believed that consumption would ultimately be the common interest that would bring all groups together. The three men insisted that all mankind had specific, basic needs that must be met before security could be achieved and man's fullest potential realized. They were never materialists in any sense, but they strongly believed that, without materialistic security, man could not be free to develop his spiritual, aesthetic, and intellectual capabilities. Thus, man's economic organizations must be developed so that produce would be distributed according to need and according to involvement. They despised the reverence for capital that had emerged in western civilization and thought that this development could

be overthrown only by teaching men the desirability of uniting together to provide their own necessities.

The belief that a vague commonwealth could emerge out of men working together to meet their own needs became the characteristic attitude of the Co-operative Union. Mystic co-operatism based on consumer supremacy was the idea Keen, Good, and Carter tried to use in forging a national movement. For them it represented a completely fulfilling ideology more desirable than capitalism, socialism, or communism; thus, they tried to infuse the entire Canadian movement with a sense of uniqueness and a consciousness of ultimate purpose. For them, the methods of co-operation were only of secondary importance; the key concern was the emergence of a compassionate interest in each man for the betterment of all of society.

Mystic co-operation was the most important strength possessed by the national Union between 1909 and 1939. In particular, Keen's and Good's faith in its precepts made it possible for the C.U.C. to overcome the adversities that plagued its development. Neither man could quit the organization once he was involved because the Union was the strongest manifestation of the movement's ideals in Canada. Without the C.U.C., they believed, Canadian co-operators would lose their sense of purpose and make materialistic well-being the final goal rather than the first step in the evolutionary process. Such notions may have been naive, and they

may have overestimated the Union's importance, but they did provide the motivation that made survival possible.

## iii

But internal motivation was only one aspect of the Union's history between 1909 and 1939: the environment in which the C.U.C. had to work was at least as important as the attitudes its leaders possessed. Obviously, the most significant element in the Canadian environment for Good, Keen, and Carter was made up of the co-operative sector of the Canadian economy. The basic problem with this sector, from the Union's viewpoint, was that the Canadian movement lacked any sense of cohesion; the mystic co-operatism that motivated the C.U.C. executive affected only a few people who were involved in the Canadian movement. Most Canadian co-operators--if they can be called such--came to the movement for a variety of factors generally unrelated to co-operation's inner motivation; in other words, they were interested in the movement more because they rebelled against some aspect of life around them than because they were committed to co-operative philosophy.

Because Canadian co-operators generally appeared in reaction to existing social or economic inequalities, they were part of genuine grassroots movements. Leaders certainly appeared in Canadian co-operative circles, but the important factor in nearly all successful ventures was the existence

of a strong group consciousness, a bias, or a sense of outrage in the people involved. The Union's continuous difficulties demonstrated the general inability of effective leadership to stimulate true co-operative enthusiasm generally throughout Canada. The only significant exceptions to this rule were found in the agricultural regions where specific men played crucial roles in launching co-operative institutions, especially among more prosperous farmers. From the Union's viewpoint, these exceptions were of little or no importance because most of these agrarian leaders were not easily converted to the movement's ideology.

Regional loyalties and biases were common characteristics of the co-operative movements that appeared between 1909 and 1939. Unfortunately, by their very nature, these loyalties and attitudes were poor bases for the development of a national movement. The only obvious uniformity to the regional sentiments diffused throughout Canadian co-operatism was opposition to the existing system of distribution and to the domination of Central Canada. Such negative attitudes were difficult to fuse into a united movement and meant that Canadian co-operatism was actually a series of movements only vaguely related to each other. There were remarkably few exchanges between the various groups, the exceptions being provided by the Union, the popularity of co-operative techniques among agrarians across Canada, and the publicity afforded the Antigonish movement by radio and newspapers.

Regionalism meant that the Canadian movement had to develop slowly as co-operators extended their preoccupations from local institutions to co-ordination with other nearby organizations, to provincial or regional integration, and then to the national Union. Unfortunately, Keen, Carter, and Good did not remain in control long enough to see the final stage realized (if it ever has been). It was their misfortune to dominate the national institution during a period when most Canadian co-operators were so preoccupied with creating strong regional co-operatives that they could not see a need for a well-financed central co-operative agency. Judged on purely practical terms, the Union was prematurely created and had to wait until the movements matured before its value would be generally recognized.

But Canadian co-operators were divided by factors other than mere regionalism. The co-operatives that emerged successfully did so because individuals were willing to sacrifice much time and effort in trying to improve both themselves and their colleagues. Co-operative societies became subjects of pride and intense personal involvement, making it very difficult for leaders of specific societies to surrender any power in joint efforts with leaders of other societies. Co-operatives that achieved financial stability naturally protected their accomplishments and resisted involvement with other less well-operated institutions. The result was that pooling of resources developed

slowly and begrudgingly and often at great cost. In Southern Ontario and Nova Scotia in particular, aloofness by the more successful organizations--understandable as it may have been--retarded the movement's development considerably.

The grassroots nature of most co-operative developments further encouraged an isolationist attitude. It is noticeable that many of the strongest societies were in Canada's smallest towns, towns that were generally losing in influence and economic growth to the large metropolitan centres. Co-operation became a technique for preserving the economic and social independence of smaller cities, towns, and villages against the encroachments of centralist forces. As such, co-operation produced institutions strongly identified with particular population centres, and such institutions did not surrender their individuality easily in amalgamation or close co-operation with others.

Indeed, the movement and the Union executives had an unerring ability to associate with all the forces that were declining in Canadian life by the 1930's; they also demonstrated an inability to associate with the forces that were becoming increasingly stronger. Keen's slowly less relevant British background and the movement's strength in the weaker Canadian population centres were two examples of the former; so too, was co-operation's success in winning an audience among farmers during the thirties. Agrarians were losing

their influence slowly but surely during that decade, and agriculture, as a way of life, was becoming far less important. For people involved in such developments, co-operation was much more a means of defence than it was the nucleus of a reforming zeal.

In contrast, the Union had little success in gaining influence among the forces that were gaining power. Little constructive interest in co-operatism was displayed in the large urban centres, and the well-meaning advocates who did emerge lacked organizational ability and sincerely interested audiences. Similarly, the C.U.C. failed to capture meaningful support from the Trades Union movement despite decades of effort. Labour leaders, at both the local and national levels, often displayed a sincere interest in the movement, but they never succeeded in enlisting the rank and file in any concerted program on co-operatism's behalf. A genuine, wide-spread interest among unionists would not develop until unions could transcend preoccupation with such standard issues as hours, wages, and working conditions.

Even more seriously, the Union and what it stood for were not in step with the trends most prominent in Canadian development. The nation was producer-oriented not consumer-oriented; progress was measured in terms of Gross National Product without reference to distribution; democracy tended to be seen as the mere casting of ballots; and individualism, despite the collectivist tendencies of some during the

Depression, was thought superior to co-operatism. In short, very few Canadians wanted an alternative to the existing system, and most apparently believed that they too would eventually profit most from careful speculation and competitive individualism.

The Union also was primarily concerned with two issues that were becoming steadily less important to many Canadians, especially those in the growing urban middle class: grocery stores and centralization. In nineteenth-century Britain, the grocery store was an important organization to the worker because he spent a high proportion of his wages there. In twentieth-century Canada, the standard of living was generally higher and workers had to spend proportionately less on groceries. Only in selected areas such as mining towns or agrarian centres not on main distribution routes did obviously excessive profiteering take place; and it was in such areas that the consumer movement had its greatest appeal.

Similarly, by opposing centralization generally, but especially in the management of grocery stores, the Union was contesting the dominant trend in Canadian retailing since at least the 1880's. Belatedly, begrudgingly, the Union sought to alter its earlier preoccupation with local autonomy through the advocacy of control by wholesales; but it never completely resolved the agonizing co-operative dilemma of encouraging local initiative on the one hand



and efficiency on the other. The result was that the movement was generally left to exist on the unwanted goods discarded from the produce-laden tables of the chain stores.

## iv

To conclude a study of the Union between 1909 and 1939 by describing its failure and indicating its obstacles would be an injustice: the C.U.C.'s failure was relative and made glaring only because its executives had dreamed of creating a utopia. Keen, Good, and Carter envisioned the creation of a Co-operative Commonwealth, and they were probably doomed to limited success from the beginning. Yet, though their final goal was denied them, they did accomplish much in their co-operative efforts.

Their first major accomplishment was that they kept the Union alive. The Union may not have amassed much economic or political power, but it did articulate a position of some importance in Canada. The co-operative movements that appeared across the nation were significant as manifestations of dissatisfaction with economic inequality, regional disparity, and social injustice. But they were a disorganized group, without a common viewpoint and without statesmanlike leadership. In short, Canadian co-operatism reflected all the nation's centrifugal forces without any naturally evolving centralizing tendencies. Thus, the Union's executives accomplished much by merely surviving.

Moreover, the Union's leaders displayed an unselfish devotion to principles that were of some importance to the Canadian nation. Co-operatism has been an important force in Canadian history, and the Union, between 1909 and 1939, sought to provide philosophical direction and an integrated approach for its many aspects. It articulated a point of view that made Canadian co-operators aware of their movement's uniqueness and concerned about its future development: that not enough Canadians accepted the Union's notions was not totally the fault of Good, Keen, and Carter.

Nor can it yet be said that the three men upheld outdated principles in a world that would not listen. Consumer control, an attack on the notion that capital is sacred, economic democracy, service at cost, a moral base for social actions, and a greater equalization of the world's goods, were vital issues in the 1909-1939 period and thereafter; the important point is that Canadians generally did not, and have not, come seriously to grips with them. Indeed, most of the issues still survive, and there is a curious similarity in attitude between modern moderate reformers and those two reformers so indebted to the nineteenth century, W.C. Good and George Keen.

On a practical side, too, the Union had its accomplishments. By 1939, it no longer was a weak institution: it had created a national organization which could be united in times of adversity and which could demonstrate some

flexibility in the face of new challenges. It was also a diverse institution, containing within its ranks examples of nearly every form of co-operative enterprise then devised. And, for these accomplishments, the three main leaders must be afforded some credit.

The Union had also provided a platform and a method for those areas that were losing out in the Canadian struggle for regional domination. In the days before the Rowell-Sirois Report and federal equalization payments, the Union was one of the few institutions interested in providing such services. In doing so, it reduced contemporary inequalities somewhat and provided some protection for people caught in areas with stagnant or declining economies. The movement, for example, did help to reduce the cost of living in many centres across Canada, and it did help to protect that beleaguered institution, the family farm. And, in the movement's efforts in these two campaigns, the Union played a useful and an important role.

Indeed, perhaps the most important accomplishment of Keen, Good, and Carter was the assistance they gave to several co-operatives across Canada. They were not able personally to develop large, powerful co-operative businesses, but they did provide some very useful services for struggling co-operative societies. Indeed, between 1909 and 1939, thousands of letters flowed from the Union's Brantford office, advising managers and directors on all the problems

involved in operating a co-operative enterprise. For the most part, the advice extended was good, if for no other reason than it was developed out of so many agonizing failures. This advice, in turn, meant that many co-operative institutions were better than they might have been; it also meant that many Canadians lived fuller lives because of the Union, an accomplishment that dignified and justified all the sacrifices of Samuel Carter, George Keen, and W.C. Good.

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