

**Co-operative and State Ownership in Northern Saskatchewan  
Under the CCF Government**

A Thesis Submitted to the College of  
Graduate Studies and Research  
in Partial Fulfillment of the Requirements  
for the Degree of Master's of Arts  
in the Department of Political Studies  
University of Saskatchewan  
Saskatoon

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Fall, 2004

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## **ABSTRACT**

“Co-operative and State Ownership in Northern Saskatchewan Under the CCF Government” examines the use of social ownership as a policy instrument by the Co-operative Commonwealth Federation (CCF) government in Northern Saskatchewan from 1944 to 1964. Led by Tommy Douglas, the new government defined numerous policy problems in the North stemming from both an economy dominated by private ownership and unstable natural resource based industries. Using two types of social ownership, crown corporations and co-operatives, the CCF sought to rectify these problems and improve the standard of living in Northern Saskatchewan. This study intends to determine whether the CCF government achieved its policy goals in Northern Saskatchewan and concludes that it accomplished its policy-specific goals. Although the CCF may not have revolutionized the Northern economy, it did realize some of its policy goals in the North.

This study is significant because it is the first to focus solely on the program of social ownership that the CCF government implemented in the North and assess the success of the program on the CCF’s terms. Moreover, this thesis offers a comprehensive review of the political origins and development of co-operatives in Northern Saskatchewan.

## ACKNOWLEDGEMENTS

There are many people to thank for their help, support, and guidance along the journey of my Master's program. First and foremost, I thank my husband, Corey Hardcastle. He is my rock. His constant positive reinforcement and unconditional love gave me the strength to complete this labour of love. My parents, family, and friends also provided me with attentive ears and encouragement all along the way and I thank you all for being there for me. To my classmate Cathy Nilson, I extend a heartfelt thank you for being you; I am glad that we were able to experience this program together.

Greg Poelzer served as my thesis supervisor. His willingness to share his time and expertise so generously proved invaluable in completing this project. I truly appreciate his positive and caring nature. His enthusiasm for my topic made the process enjoyable and kept me energized as we approached the end. Thank you so much for all of your guidance and support.

This study has also benefited immeasurably from the staff and faculty of the University of Saskatchewan. Joseph Garcea, from the Department of Political Studies, and Brett Fairbairn, from the Department of History, provided valuable direction and instruction as members of my advisory committee. David E. Smith and Cristine de Clercy both from the Department of Political Studies also served on the committee for a time. The staff and faculty of the Centre for the Study of Co-operatives assisted the research and writing of this study in numerous ways through their moral support and practical advice. The staff of the University of Saskatchewan Library and the Saskatchewan Archives Board offered essential assistance in facilitating the research for

this study. Hayley Hesseln from the Department of Agricultural Economics also imparted useful advice as the external examiner.

Financial assistance for this thesis was provided by an M.A. Scholarship in “Co-operatives and Social Cohesion” from the University of Saskatchewan through a SSHRC grant to the Centre for the Study of Co-operatives, the Norm Bromberger Research Bursary in Co-operative Studies, and the Arctic Co-operative Limited Award. I express my heartfelt gratitude for the generosity of these organizations and their people.

## **DEDICATION**

This thesis is dedicated to the co-operative pioneers in Northern Saskatchewan – of yesterday, today, and tomorrow. Your vision, determination, and hard work have made this a story worth telling.

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## **LIST OF ABBREVIATIONS**

CCF – Co-operative Commonwealth Federation

CFL – Co-operative Fisheries Limited

DCCD – Department of Co-operation and Co-operative Development

DNR – Department of Natural Resources

FCL – Federated Co-operatives Limited

HBC – Hudson's Bay Company

MLA(s) – Member(s) of the Legislative Assembly

NCTSL – Northern Co-operative Trading Services Limited

SAB – Saskatchewan Archives Board

SGT – Saskatchewan Government Trading



## **Chapter 1**

### **INTRODUCTION**

Many are familiar with the innovative policies that have emerged from Saskatchewan, such as socialized medicare, that have had profound consequences for Canadian state and society. Few, however, are familiar with the innovative policies that emerged from Saskatchewan's North, policies that have had subsequent impacts on policy development beyond the province's borders. One of these policy innovations is the program of co-operative development in Northern Saskatchewan in the 1940s during the years of Tommy Douglas's Co-operative Commonwealth Federation (CCF) government. Today, there are approximately thirty co-operatives operating in various sectors of the Northern economy. Although some of these co-operatives were established quite recently, others originated decades earlier, during the Douglas government. Why and how did co-operatives emerge in Northern Saskatchewan? What was the role of the provincial government in their development? What has been the impact of co-operatives for Northern communities in Saskatchewan? Surprisingly, to date little research has taken place that would provide answers to these questions. The two main objectives of this study are to gain an understanding of the development of co-operatives in Northern Saskatchewan in the 1940s, 1950s, and early 1960s and to determine if the CCF government met its policy goals for its program of social ownership in the North.

Given these objectives, it is apparent that there are limits to the scope of this thesis. The thesis only looks at Northern development within the years of the CCF government, 1944 to 1964. It does not evaluate every program initiated by the CCF government in Saskatchewan; its assessment is limited to the CCF's policies regarding crown corporations and co-operatives in Northern Saskatchewan. Moreover, the thesis does not follow the successes and failures of the Northern co-operatives beyond 1964 when the CCF left power.

To begin exploring the main objectives of the study, this chapter first discusses the conceptual framework that the thesis employs to assess the case study. It then introduces the case study of government led development of social ownership in Northern Saskatchewan before discussing the data sources for the study. Lastly, it provides an outline of the succeeding chapters of the thesis.

## **1.1 Background**

The election of the first CCF government in Saskatchewan in 1944 was to have enormous consequences for Northern Saskatchewan. When the CCF came to power, the North was on the verge of experiencing large social and economic change and, at the same time, confronted very significant challenges. Overall, the social and economic conditions of Northern residents were extremely difficult. A large majority of Aboriginal Northerners was poverty-stricken; they lived in inadequate housing and experienced many nutritional and health related ailments such as anemia, tuberculosis, and vitamin deficiencies because of their impoverished living conditions.<sup>1</sup> Moreover, levels of formal education were generally very low and there was little opportunity for earnings outside of the fish and fur industries.<sup>2</sup> One major concern of the CCF was the

dominance of the Hudson's Bay Company (HBC) and other traders in the region. Because the Northern economy was still based on hunting, trapping, and fishing, the HBC, whether it wanted to or not, held considerable power over the lives of Northern residents. From the perspective of a CCF sponsored report, written in 1943, "The Hudsons Bay Company holds a vertual (sic) monopoly on the purchase of furs, and over the natives who trap the largest proportion of the total yearly catch. By skillful dealings the natives are kept in a state of servitude to the company."<sup>3</sup> The new CCF government set the goals of improving the standard of living in the North, decreasing the dominance of private industry in the region, and stabilizing the Northern fishing and fur industries. Not surprisingly, given the socialist ideological orientation of the party, the CCF chose social ownership as its tool for remedying the problems it perceived in the North.

The CCF government believed that both crown corporations and co-operatives are types of social ownership and it used them as its instruments for developing social ownership in the Northern Saskatchewan. Crown corporations are government owned and operated businesses whose profits or surpluses are returned indirectly to the citizens of the province. Some common examples of Saskatchewan crown corporations are SaskPower, Sasktel, and Saskatchewan Government Insurance. Co-operatives are voluntary "self help" organizations that are member owned and operated and provide their members with desired services. The surpluses, or profits, of co-operatives may be returned to the member-owners. Many believe that co-operatives are empowering because individuals voluntarily join and as a membership work together to achieve what they could not individually. Moreover, because co-operatives are based on the democratic principle of one member one vote, every member has an equal position in

the co-operative. Co-operative members can gain a higher degree of control over their economic lives because they own their co-operative business and make decisions about the co-operative. Crown corporations work for the benefit of all people in a society and co-operatives work for the benefit of many. While the goal of social ownership often is to provide needed services rather than make profits, in private enterprise profits are usually of paramount concern.

The CCF government first introduced social ownership to the North in the form of crown corporations. In the mid-1940s, it created five government owned and operated businesses to service Northern Saskatchewan through the Department of Natural Resources (DNR). Then, in 1949, the Department of Co-operation and Co-operative Development (DCCD) hired a Northern field officer and began promoting the co-operative business model in the region as an alternative to private industry. The CCF saw co-operatives as tools of empowerment in the North because they allowed individuals, as member-owners, to have direct control over industry. Government supporters of Northern co-operatives believed that Northerners could achieve collectively through co-operatives what they could not individually. The CCF saw co-operatives as a means to overcome the problem of oligopolistic and monopolistic control in the North. Also, co-operatives could help Northerners improve their standard of living, just as co-operators around the world had already done for a century.

Throughout the 1950s and early 1960s, the DNR and the DCCD assisted residents of Northern communities to start various types of co-operatives. These included consumer co-operatives, fishing co-operatives, credit unions, handicraft co-operatives, power co-operatives, and housing co-operatives, among others. In the late

1950s, the government converted two of its crown corporations, namely the Saskatchewan Fish Marketing Service and Saskatchewan Government Trading stores, into co-operatives as a further step toward empowering Northerners with local control of these two service entities.

By the end of the CCF's twenty years in government, it produced a degree of change in Northern Saskatchewan. When the CCF came to power in 1944, there were no co-operatives in the North. By 1964, there were over fifty co-operatives operating in the region. Moreover, the crown corporations and co-operatives created competition in the Northern economy and eliminated what the CCF perceived as monopolistic rule of private traders that dominated the North in the 1940s. Although the CCF may not have affected the lives of Northerners to the extent that it hoped, during its twenty years in power it certainly altered economic conditions in the North through social ownership.

## **1.2 Why Study the Development of Co-operatives in Northern Saskatchewan**

The study of the development of co-operatives in Northern Saskatchewan is important for several reasons: First, co-operatives initially were promoted in the North due to provincial government policy, not because of a desire among Northerners to have co-operatives in their communities. This raises a number of questions: why did the CCF government encourage the development of the co-operative model in Northern Saskatchewan? Why did the CCF pursue a two-step strategy of public ownership first and co-operative ownership second? What were the results of these endeavours?

Second, the CCF's policies of co-operative development are notable both because this was the first development program of its kind in Canada and because of its implications elsewhere. It was essentially a pioneering effort in Northern/Aboriginal co-operative

development, thus it is significant regardless of the success of the program.<sup>4</sup> Moreover, because it was the first example of co-operative development in a Northern region in Canada, it is a model from which others could learn. For example, there is speculation that the federal government began promoting the co-operative model in Northern Quebec and the Northwest Territories in the late 1950s, in part due to the experiences of the CCF in Northern Saskatchewan.<sup>5</sup> The federal government's co-operative development program resulted in the creation of a large network of financially successful co-operatives across numerous arctic communities. Third, co-operatives can be seen as an important part of the development of Northern Saskatchewan in the latter part of the twentieth century; however, the beginnings of the Northern co-operative movement is an understudied phenomenon and it is a story that deserves telling. Fourth, on a more personal level, the history of Northern co-operatives is appealing because I am both a resident of Northern Saskatchewan and a co-operator and I am compelled to explore the political origins of co-operatives in the North.

### **1.3 Framework for Analysis**

The development of co-operatives in Northern Saskatchewan represents an important case study in public policy. Accordingly, this thesis adopts a public policy analysis framework to organize the study of the development of co-operatives in Northern Saskatchewan.

As defined by Leslie A. Pal, a public policy is “a course of action or inaction chosen by public authorities to address a given problem or interrelated set of problems.”<sup>6</sup> Pal explains that there are three elements of a public policy: the policy problem or problem definition, the policy goals, and the policy instruments.<sup>7</sup> The

problem definition “indicates what the problem or issue is and some of the causal factors behind it.”<sup>8</sup> This is the central element of a public policy, because without a perceived problem there is no need for a policy. The problem must be both recognized and defined so that the policy will have a clear direction for what it is to address or remedy. The policy goals, i.e. the objectives that a given public policy is to achieve, are linked to the policy problem.<sup>9</sup> Notably, there are two different types of policy goals: general goals and policy-specific goals. General goals are those that “express the broadest objectives of the policy initiative as a whole.”<sup>10</sup> Policy-specific goals are objectives “related to the broader ones but more directly connected to the programs that give the policy effect.”<sup>11</sup> The final element of a public policy is the policy instrument. The policy instruments are the tools that the government uses to address the policy problem and achieve its policy goals.<sup>12</sup> All three elements of a public policy are connected. The definition of the policy problem leads to the determining of goals and then to choosing the tools employed to address the problem and accomplish the goals. At relevant points in Chapters 2 and 3, these three elements will be discussed in further detail regarding how the actors and factors involved can affect how a government defines the problem, shapes its goals, and chooses its instruments.

This study assesses the CCF government’s social and economic development policies in Northern Saskatchewan in terms of the three elements of a public policy. It first details the CCF government’s definition of policy problems in the North. It then identifies the CCF’s policy goals of what it hoped to achieve regarding these problems in the North. Next, it discusses the CCF’s choice of policy instruments, which it used to

address the policy problems and attempt to achieve its goals. Last, it determines whether the CCF accomplished its general and specific policy goals in the North.

#### **1.4 Methodology**

This thesis employs a qualitative case study in the analysis of the CCF government's policies of social ownership in Northern Saskatchewan. Data are from both primary and secondary sources. The Saskatchewan Archives Board has a wealth of information about the CCF government's activities in Northern Saskatchewan. A number of valuable collections were those of the Ministers of Co-operatives, Premier Tommy Douglas, the Deputy Minister of the Department of Co-operation and Co-operative Development, the DCCD's Extension Services Branch, and other individuals involved in Northern co-operative development. Another useful source was the holdings of Saskatchewan Archives in terms of tapes and transcripts of a number of interviews with CCF politicians and bureaucrats in the CCF government.

It was important to ascertain both the opinions of the CCF party and individual CCF party supporters regarding the activities of the CCF government in Northern Saskatchewan. Two important sources for collecting this information were the transcripts of the Saskatchewan Legislative Assembly Debates<sup>13</sup> and the CCF's newspaper, *The Commonwealth*.<sup>14</sup> The Provincial Hansard was especially useful in providing the positions of individual Members of the Saskatchewan Legislative Assembly (MLAs) on matters that were brought before the Legislature. *The Commonwealth* was invaluable in determining the CCF's priorities regarding the North and its views on the CCF government's actions in the region. It also provided data about specific activities that were not available in other primary or secondary sources.



The Annual Reports and publications of Saskatchewan government departments are excellent sources of information about the CCF's Northern policies. The *Annual Report* of the DCCD's Extension Services Branch was especially full of data about when and where the government helped start co-operatives. The *Annual Reports* of the CCF's crown corporations also provided useful particulars about those businesses.

The Co-operative Commonwealth Federation has been the focus of many studies. Therefore, there are readily available secondary sources about the CCF party and government for use in this study.<sup>15</sup> Most of the books that tell the tale of the CCF in Saskatchewan focus on Tommy Douglas,<sup>16</sup> the history of the CCF as a political party,<sup>17</sup> or the CCF's activities in the Southern half of the province. While these are important in understanding the character of the CCF and its leader, they do not lend much to the discussion of development in Northern Saskatchewan. There are some sources that focus on the CCF's policies regarding Northern development that are helpful in providing details unavailable in the primary data and for obtaining the opinions of other researchers who have also written about this general topic of the CCF in Northern Saskatchewan. Unfortunately, these sources, and especially those that discuss co-operative development in the North, are limited, which results in a reliance upon the primary data to gather details about the case study.

One influential work that focuses on the CCF's activities in Northern Saskatchewan warrants mentioning. In his Ph.D. dissertation titled *Battling Parish Priests, Bootleggers, and Fur Sharks: CCF Colonialism in Northern Saskatchewan*, David M. Quiring looks at the CCF's overall development program in the North, including the areas of social programs, Northern infrastructure, natural resources, crown

corporations, and co-operatives. Quiring argues that when the CCF came to power in Saskatchewan, its approach to development in the Northern half of the province was top-down and colonial in nature.<sup>18</sup> Moreover, he contends that the CCF's three main goals in the North were to modernize, assimilate, and socialize Northerners.<sup>19</sup> He concludes that the CCF achieved none of these goals and its colonial approach to development was harmful to the North.<sup>20</sup> This study will not deny that the CCF's approach to development was top-down, as government officials undoubtedly created and implemented the CCF's program of social ownership in the North. However, this point is not relevant to the focus of this thesis. Our concern is whether the CCF government achieved its policy goals in Northern Saskatchewan using social ownership as its main policy instrument.

This thesis takes a major divergence from Quiring's work in identifying the CCF's goals in the North. Quiring argues that a major goal of the CCF was "to establish a socialist society"<sup>21</sup> in the North and he demonstrates that the CCF government failed to do so.<sup>22</sup> This thesis claims only that the CCF utilized social ownership as a policy instrument in the North to achieve other policy goals, not that its overriding goal was to socialize Northern society. Moreover, in contrast to Quiring, this study argues that the CCF achieved at least some of its policy goals in the North.

Using the primary and secondary material described above, this study explains how the CCF introduced crown corporations and co-operatives to the North. Thus, this thesis is organized to best explain the chronological series of events that led the CCF government to bring social ownership in the form of crown corporations and co-operatives to Northern Saskatchewan.

## **1.5 Chapter Outline**

The introductory chapter has set the stage for the rest of the study by introducing the case, the research objectives, the conceptual framework, data sources, and research methods. The second chapter acquaints readers with Northern Saskatchewan in the 1940s. It first discusses the CCF government's assessment of the problems in the North when it came to power and then presents the CCF's policy goals for what it wanted to achieve in Northern Saskatchewan regarding the policy problems it defined.

The third and fourth chapters concentrate on the CCF government's activities in developing social ownership in Northern Saskatchewan. More specifically, the focus is on its choice of policy instruments. For that purpose, Chapter 3 presents some of the events and dialogue that led up to the CCF's decision to employ social ownership in the North. It also overviews the reasoning of the CCF government for choosing crown corporations instead of co-operatives as its preferred policy instrument upon its inception to power. Lastly, it discusses the implementation of the CCF's decision to create crown corporations to provide services to Northern communities. Chapter 4 builds upon the third and discusses the CCF government's program of co-operative development in Northern Saskatchewan. It details the government's development activities following its decision to promote co-operatives in the North. This chapter also assesses whether the CCF government achieved its policy goals in Northern Saskatchewan. The concluding chapter revisits the central purpose of the study, draws the major findings of the study together, makes some recommendations for future research, and assesses the importance of this study for the fields of Northern, Political, and Co-operative Studies.

<sup>1</sup> Helen Buckley, J. E. M. Kew, and John B. Hawley, *The Indians and Métis of Northern Saskatchewan: A Report on Economic and Social Development*, (Saskatoon: Centre for Community Studies, 1963), 25-26.

<sup>2</sup> *Ibid.*, 22, 27.

<sup>3</sup> Saskatchewan Archives Board (SAB), R-33.5, 37 (9-4), "Development of Natural Resources," C.A.L. Hogg, "Plan for the Development of Natural Resources of Northern Saskatchewan under Social Ownership and Control," 1943, 5.

<sup>4</sup> For a contemporary assessment of Aboriginal co-operatives in Canada, and especially those located in the North, see: Lou Hammond Ketilson and Ian MacPherson, *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth*, (Saskatoon: Centre for the Study of Co-operatives, 2001).

<sup>5</sup> Morris Zaslow, *The Northward Expansion of Canada, 1914-1967*, (Toronto: McClelland and Stewart, 1988), 277.

<sup>6</sup> Leslie A. Pal, *Beyond Policy Analysis: Public Issue Management in Turbulent Times*, 2<sup>nd</sup> ed. (Scarborough: Nelson Thompson Learning, 2001), 2.

<sup>7</sup> *Ibid.*, 10.

<sup>8</sup> *Ibid.*, 35.

<sup>9</sup> *Ibid.*, 7.

<sup>10</sup> *Ibid.*, 34.

<sup>11</sup> *Ibid.*, 35.

<sup>12</sup> *Ibid.*, 8.

<sup>13</sup> Hansard for the Saskatchewan legislature begins in 1947. Therefore, for the relevant years previous to this, the researcher uses newspaper clippings from the Saskatchewan Archives Board, call number Micro 5.6.

<sup>14</sup> Early editions of the CCF's newspaper, *The Commonwealth*, were first titled *The New Era* and then the *Saskatchewan Commonwealth*.

<sup>15</sup> For the history of the CCF in Saskatchewan and the CCF government, see: C.H. Higginbotham, *Off the Record: The CCF in Saskatchewan*, (Toronto: McClelland and Stewart Limited, 1968); Lewis H. Thomas, "The CCF Victory in Saskatchewan, 1944," *Saskatchewan History* 34.1 (1981): 1-15; Laurence Glen Thompson, *The CCF/NDP in Saskatchewan: A Case of Social Democracy*, (Masters Thesis, University of Regina, 1986); Albert Wesley Johnson, *Biography of a Government: Policy Formation in*

*Saskatchewan, 1944-1961*, PhD Dissertation, (Department of Political Economy and Government), Harvard University, 1963; Seymour M. Lipset, *Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology*, (Berkeley: University of California Press, 1950); F. Laurie Barron, *Walking in Indian Moccasins: The Native Policies of Tommy Douglas and the CCF*, (Vancouver: UBC Press, 1997); Robert Tyre, *Douglas in Saskatchewan: The Story of a Socialist Experiment*, (Vancouver: Mitchell, 1962); David M. Quiring, *Battling Parish Priests, Bootleggers, and Fur Sharks: CCF Colonialism in Northern Saskatchewan*, Ph.D. Dissertation. (Department of History) University of Saskatchewan, 2002.

<sup>16</sup> For biographies of Tommy Douglas, see: Thomas H. McLeod and Ian McLeod, *Tommy Douglas: The Road to Jerusalem*, (Edmonton: Hurtig Publishers, 1987); Doris French Shackleton, *Tommy Douglas*, (Toronto: McClelland and Stewart, 1975); Walter Stewart, *The Life and Politics of Tommy Douglas*, (Toronto: McArthur, 2003); Dave Margoshes, *Tommy Douglas: Building the New Society*, (Montreal: XYZ Publishing, 1999).

<sup>17</sup> For the origins and history of the CCF as a political party in Canada, see: Leo Zakuta, *A Protest Movement Becalmed: A Study of Change in the CCF*, (Toronto: University of Toronto Press, 1964); Michiel Horn, *The League for Social Reconstruction: Intellectual Origins of the Democratic Left in Canada 1930-1942*, (Toronto: University of Toronto Press, 1980); Walter D. Young, *The Anatomy of a Party: The National CCF 1932-1961*, (Toronto: University of Toronto Press, 1969); Dean E. McHenry, *The Third Force in Canada: The Cooperative Commonwealth Federation, 1932-1948*, (Westport, Connecticut: Greenwood Press, 1976); Saskatchewan New Democrats, "History." Online. Retrieved from the Saskatchewan NDP website. World Wide Web. <[www.saskndp.com](http://www.saskndp.com)> (Retrieved 7 September 2003); M. J. Coldwell, *Left Turn, Canada*, (Toronto: Duell, Sloan, and Pearce, 1945); J. William Brennan (ed.), "*Building the Co-operative Commonwealth*" *Essays on the Democratic Socialist Tradition in Canada*, (Regina: Canadian Plains Research Center, 1985); Ivan Avakumovic, *Socialism in Canada: A Study of the CCF-NDP in Federal and Provincial Politics*, (Toronto: McClelland and Stewart Limited, 1978); David Lewis and Frank Scott, *Make This Your Canada: A Review of C.C.F. History and Policy*, (Toronto: Central Canada Publishing Company, 1943).

<sup>18</sup> Quiring, 21-23.

<sup>19</sup> *Ibid.*, 4.

<sup>20</sup> *Ibid.*, 233-236.

<sup>21</sup> *Ibid.*, 3.

<sup>22</sup> *Ibid.*, 235.

## Chapter 2

### NORTHERN SASKATCHEWAN IN THE 1940s

A preliminary examination of Northern Saskatchewan in the 1940s would likely produce an opinion that conditions there were basically as they had been throughout the previous 150 years of the fur trade. Relatively few people inhabited the region and those who did still lived off their hunting, trapping, and fishing pursuits. Also, the majority of the Northern communities were still based around HBC trading posts and church missions. Northern Saskatchewan during this time could be comparable to a time capsule. While little changed within it, the world around it moved on to different and more modern ways. Although the North remained in many ways unaltered until 1944, Northern Saskatchewan experienced numerous changes to its infrastructure and economy at the hand of the new CCF government.

Until the mid-1940s, there was little provincial government involvement in terms of providing services to those living in the area. Almost the only provincial government presence in the North was the Department of Natural Resources and its conservation officers. However, upon its rise to power in 1944, the CCF sensed that conditions were not contributing towards a satisfactory standard of living for Northerners. Thus, it embarked on an in-depth assessment of social and economic life in the North and identified several policy problems that it believed warranted improvement.

As explained in the introductory chapter, a public policy is composed of three elements: problem definition, policy goals, and policy instruments. This chapter addresses the first two of these elements within the context of the CCF government's engagement with Northern Saskatchewan. It first presents the policy problems that the CCF encountered during its evaluation of the North and then it reveals the CCF's general and policy-specific goals regarding addressing these problems. The purpose of this chapter is to acquaint readers with the conditions of Northern Saskatchewan in the 1940s, discuss the policy problems that the CCF identified in the North, and present the CCF's goals for remedying these problems. To this end, the following section examines the CCF government's definition of policy problems in Northern Saskatchewan.

## **2.1 The CCF's Assessment of Problems in the North**

We have already established that the first step in the process of creating a public policy is the definition of a policy problem. David Dery defined a problem as a "substantial discrepancy between what is and what should be."<sup>1</sup> Thus, when a government defines a policy problem it is acknowledging that a discrepancy exists between what it believes ought to be and what the current situation or conditions actually are. Moreover, it seeks to determine how the current situation differs from its view of what it should be.

Problem definition is essential to a public policy because a government must have a clear understanding of what problems it needs to address before it can design and implement a policy for that purpose. Moreover, given that the fundamental function of a public policy is to respond to identified problems, it is logical that the definition of the policy problem must come first and that it drives the rest of the policy process.

There are numerous theories about what influences a government when defining a policy problem for it to address. The perceptions and preferences of the many different actors in the policymaking process are paramount. Actors in the policy process include elected officials, appointed officials, interest groups, research organizations, and the mass media.<sup>2</sup> All of these actors are able to affect what issues the government puts on its agenda. Moreover, Michael Howlett and M. Ramesh suggest that there are policy determinants that can shape a government's interpretation of a problem. First, they state that many scholars have concluded that the level of economic development of a society can influence various aspects of policymaking, including the definition of policy problems and what issues will be put on its government's agenda.<sup>3</sup> Second, they point to the relationship between a society's economy and political system as having an impact on policymaking. They explain that some theories hypothesize that the type of political regime can affect the degree to which a government will intervene in an economy.<sup>4</sup> Last, they look at the influence of ideas and ideology on public problem definition. They argue, "it is apparent that traditions, beliefs, and attitudes about the world and society also affect how individuals interpret their interests."<sup>5</sup>

John Kingdon argues that any number of indicators suggesting something is wrong can raise a government's attention to an issue.<sup>6</sup> These indicators vary from routine reports produced by government departments and non-governmental agencies to focusing events that highlight a crisis or catastrophe that capture the attention of the public.<sup>7</sup> Kingdon furthers his view of agenda setting in his discussion of policy windows, or specific points in time where an issue enters the official agenda thus commencing the public policy process. He states that



[policy] windows are opened either by the appearance of compelling problems or by happenings in the political stream. ... Policy entrepreneurs, people who are willing to invest their resources in pushing their pet proposals or problems, are responsible not only for prompting important people to pay attention, but also for coupling solutions to problems and for coupling both problems and solutions to politics.<sup>8</sup>

Howlett and Ramesh endorse a different hypothesis of agenda-setting that takes place according to policy type. They adapt a model proposed by Cobb, Ross, and Ross and suggest that there are four models of agenda-setting – Outside Initiation, Consolidation, Inside Initiation, and Mobilization – and “the mode of agenda-setting is determined by the nature of public support for the issue and by the nature of the initiating actor(s).”<sup>9</sup> In the case of the outside initiation model, “issues arise in non-governmental groups and are then expanded sufficiently to reach, first, the public agenda and, finally, the formal agenda.”<sup>10</sup> In the mobilization model, agenda-building takes place “in situations where political leaders initiate a policy but require the support of the mass public for its implementation ... the crucial problem is to move the issue from the formal agenda to the public agenda.”<sup>11</sup> In the case of the inside initiation model,

Proposals arise within governmental units or in groups close to the government. The issue is then expanded to identification and attention groups in order to create sufficient pressure on decision makers to place the item on the formal agenda. At no point is the public greatly involved, and the initiators make no effort to get the issue on the public agenda.<sup>12</sup>

The consolidation model explains, “when the government initiates the process of solving a public problem for which there is already extensive popular support.”<sup>13</sup> Thus, the government simply consolidates the existing support for the issue and begins making policy.

Northern Saskatchewan was on the CCF government's policy agenda from its first days as a new government. Numerous members of the CCF, and especially Joe Phelps who was the CCF's first Minister of Natural Resources, had an interest in Northern Saskatchewan prior to the CCF's election to govern in 1944.<sup>14</sup> This awareness led the new CCF government to turn its attentions toward the Northern part of the province and to set out to understand the economy and the conditions of life in Northern Saskatchewan. It diagnosed many policy problems in the region regarding Northern infrastructure, resources, and living conditions.

One of the most easily identifiable issues was the isolation of the North: "No roads connected it with the south, and no roads connected the thirty-odd northern settlements."<sup>15</sup> In 1944, Northern communities were essentially inaccessible. There was no highway system, railroad, telephone services, or scheduled airline services. Therefore, long distance Northern transportation and communication was limited to canoeing and portaging in the summer and dog sleds and caterpillar trains in the winter.<sup>16</sup> This isolation from the rest of the province hindered the development and growth of some industries in the North that rely on transporting goods into and out of the region.

Northern communities were not just isolated; they were also sparsely populated. Although the landmass of Northern Saskatchewan constitutes approximately 110,000 square miles of terrain, in the late 1940s only about ten thousand people lived in the region.<sup>17</sup> There were approximately three thousand non-Aboriginal people living in the North, the overwhelming majority of whom lived in the three northern mining communities of Goldfields, Creighton, and Island Falls. The rest of the Northern

population was divided equally between treaty First Nations (Cree and Dene) and Métis.<sup>18</sup> Moreover, the overall standard of living of the Aboriginal people living in the North was very low. Indeed, the majority of Northern First Nations and Métis were poverty-stricken.<sup>19</sup>

Another problem the CCF identified in the North was that Northerners had little access to many basic social services that were standard in other areas of the province, like secondary education and health care.<sup>20</sup> In 1948, H.L. Howell, the CCF MLA from Meadow Lake, spoke in the Saskatchewan Legislature about education in the North and claimed that “there has never been, in this province, a more neglected corner of the province, so far as education is concerned...until a few years ago.”<sup>21</sup> He continued on to state that when the CCF came to power, there were districts in the North with large numbers of school-aged children that had no school for the children to attend.<sup>22</sup>

As a testament to the condition of the Northern infrastructure one need only look at the community of La Ronge, the main administrative centre in the region, in the mid-1940s. La Ronge “had a school, two stores, an Anglican Church mission, a DNR officer, an RCMP officer, and a population of about twenty-four families.”<sup>23</sup> However, the community had “no all-weather road access of any sort, no health care of any description, no access to a high school, and no [fish] filleting plant. And, as if to punctuate its isolation and improbable future, its only airfield was in a state of complete disrepair.”<sup>24</sup> Given that this was the main centre of the North, one can safely presume that the services and amenities in smaller, even more remote, settlements were poor in comparison.

One of the major policy problems that the CCF identified when it examined the conditions of the Northern economy was the large degree of exploitation of Northern residents by private traders. At this time the Northern economy was still quite reliant upon hunting, fishing, and trapping and therefore a large proportion of Northerners earned their living by pursuing these traditional Aboriginal activities.<sup>25</sup> Members of the CCF government felt that due to a lack of orderly marketing of natural resources in the North, the Northern economy was volatile and therefore experienced large fluctuations in the prices paid to producers for the products of their labour.<sup>26</sup> The CCF government determined that the Hudson's Bay Company and other private traders controlled the Northern economy because they set the prices both for what Northern traders received for the products of their fishing and trapping activities and for what the Northern residents paid for goods in the trading stores.

Early into its first term, the new government, and especially J.L. Phelps, the Minister of Natural Resources at the time, identified the HBC as a major problem in the North. Even while still in Opposition, Phelps waged an attack on the HBC, "declaring in the early days it had been given a license to steal from the Indians and later to steal from the white man."<sup>27</sup> He and other CCF members believed the HBC held too much power over the lives of the Northerners because of its central position in Northern settlements. Moreover, they thought the HBC was exploiting Northerners, especially with regard to the fur industry.<sup>28</sup> This sentiment is evident in a CCF sponsored report written by C.A.L. Hogg in 1943. He stated,

The Hudsons Bay Company holds a vertual (sic) monopoly on the purchase of furs, and over the natives who trap the largest proportion of the total yearly catch. By skillful dealings the natives are kept in a state of servitude to the company. All business transactions between the company

and the natives is carried out on a barter basis, in much the same manner as it was at the beginning of the fur trade. The natives must trade their furs to the company in return for all the necessities of life, food, clothing, canoes, nets, etc., all equipment necessary to make a livelihood. If a native has money to make purchases, he is charged 50% more than the cost price to white trappers.<sup>29</sup>

Hogg continues on to argue, “[t]he [fur] industry in the area constitutes a monopoly exercised by the Hudsons Bay Company, under which the Indians obtain a subsistence living devoid of any of the benefits of education or opportunity to better his lot.”<sup>30</sup> The CCF identified this issue of exploitation of Aboriginal Northerners by private interests as a serious problem in need of rectification because it was keeping them in a position where they could never really improve their standard of living.

In the mid-1940s, the CCF government identified another policy problem in the North. The CCF determined that the Northern fur industry was in trouble, which was a major issue because “[t]he fur trade [was] the most important factor in the economic life and well-being of the native Indian population of the Northern area.”<sup>31</sup> One of their main concerns regarding fur in the North was that this important resource for the Northern economy was depleting rapidly. Due to over-trapping of furbearing animals, especially with “outsiders” coming into the North to trap, the government was worried this valuable Northern industry would become non-existent.<sup>32</sup> Another major concern was the lack of orderly marketing in the fur industry. Producers were at the mercy of the traders with regard to pricing. Trappers had no control over the prices they received for their products and there was no way for them to predict the value of their goods on a long-term basis. Trappers could not plan for the future due to the extreme fluctuations in the demand, and thus the prices paid, for furs.<sup>33</sup>

The CCF identified a similar policy issue regarding the absence of orderly marketing in the Northern fishing industry. A CCF MLA from Meadow Lake summed up his concerns with the fishing industry as follows: “The fish market has been one that has fluctuated widely ... and as a result there have been many hardships thrust upon the fishermen who see that the price is high, they get a lot of fish ready for market, and then probably the next week cannot sell them at all or have to sell them at a very low price.”<sup>34</sup> Moreover, because fish dealers did not have fixed schedules, fishers could not rely on them to arrive in fishing communities when product was ready for sale. Therefore, even if prices were up for fish, at any given time fishers had no assurance that the fish dealer would appear in time for the fish to make it to market.<sup>35</sup>

In addition to the problems of an unstable market and the general depletion of the fish supply, the CCF identified an additional policy problem regarding infestation of the fish in many Northern lakes. Due to parasite infestation, the fish caught in numerous lakes in Northern Saskatchewan were undesirable to outside markets unless filleted.<sup>36</sup> The federal government introduced a classification of “A” and “B” lakes. “A” lakes were those with relatively little infestation of the whitefish, which could be marketed whole without filleting. The fish caught in lakes classified as “B” had to be filleted, wrapped, and labeled before they would be accepted in the market.<sup>37</sup> This left the fishers on “B” lakes in a difficult position because their fish were essentially worthless if they could not be filleted. Unfortunately, in 1944 there were few filleting plants in the North for preparing fish for market on a large scale. This meant that a large part of the fishing industry was in dire need of facilities that the fishers themselves could not afford to build or purchase.

Fishers had to deal with a further issue of shipping fresh fish from the Northern lakes. Because the transportation system in the North during the summer in the mid-1940s was effectively non-existent, fishers experienced great difficulties shipping unfrozen fish in a timely manner. Many of the lakes with considerable fish populations were especially isolated and a large majority of fishers had no access to commercial freezers to prepare fish for shipping in the summer.<sup>38</sup> This all meant that there were serious limitations on the growth of the Northern fishing industry unless conditions changed.

In addition to the other problems with the Northern economy, the CCF government also recognized that there was a major issue of credit dependency in the North.<sup>39</sup> This dependence was a result of a common problem among northern trappers and fishers who were “rarely able to accumulate adequate capital for their trapping and fishing activities” and therefore forced to finance them “by having credit extended to them in the form of groceries and other supplies.”<sup>40</sup> However, in order to receive this necessary credit they would owe the product of their labour to that company to put towards paying off the debt, which rarely cleared the entire amount due. It quickly became a vicious cycle of continually owing the HBC, or other private traders, money, fur, or fish.<sup>41</sup> The debt system resulted in high prices for goods at the trading stores because customers dealing with credit paid higher prices than those with cash. This further strained already limited incomes.<sup>42</sup> With regard to the problem of credit dependency among Northerners, Tommy Douglas stated:

There was only one thing to do to save them from the exploitation by the Hudson’s Bay Company. The Company would stake these fishermen and trappers, buy their supplies, and then take delivery of their product. When the trappers sold their furs they took whatever

price the Hudson's Bay chose to pay them, and it was applied on their debt, and they seldom if ever were able to meet the debt. They were always in debt and always getting advances.<sup>43</sup>

Premier Douglas believed the credit system was a serious hindrance to the future maturing of the Northern economy. He argued for his government to take action and alter the exploitative system that took advantage of the Aboriginal trappers and fishers, benefited the rich private interests, and did nothing to help Northern residents to improve their lives.

It is evident that the CCF perceived numerous policy problems in Northern Saskatchewan in the early years of its administration. It identified problems with a lack of Northern infrastructure, the fishing and fur industries, credit dependency among Northerners, and exploitation by the HBC and other private traders. From the definition of these policy problems, it is apparent that the CCF government believed that there was a discrepancy between the actual conditions in Northern Saskatchewan and its vision of a North with strong and stable industries, a higher standard of living, and residents free from exploitation. Once the CCF government defined these problems in the North, its next step was setting some policy goals for itself in what it wanted to achieve regarding these social and economic problems. The next section discusses these objectives.

## **2.2 The CCF's Vision for the Future of Northern Saskatchewan**

After problem definition, the next step in creating a public policy is goal setting. Once a government has defined a policy problem, it must then determine what it would like to achieve regarding this problem. In this, the government essentially attempts to lessen or eliminate the discrepancy between what is and what it believes ought to be. The policy goals the government sets for itself can be either general or policy-specific.



Policy definition and policy goals are both a part of a government's agenda-setting process, and thus they are linked inextricably. It is therefore apparent that the same actors, determinants, and factors that affect the government in policy definition also influence its goal setting.<sup>44</sup> It is important to note that the most important and influential determinant of a government's policy goals are the aforementioned policy problems. Without a problem, there would be nothing to achieve, thus the policy problem directly shapes what objectives a government sets for itself. The remainder of this section examines the CCF government's general and policy-specific goals in Northern Saskatchewan.

Once the CCF government defined the policy problems in the North, government members believed that it should take action to address these perceived problems with the Northern economy. The majority of the problems that the CCF detected in the North directly contributed to persistence of the low standard of living of Northern residents, and especially Aboriginal Northerners. Thus, the CCF government's main long-term, or general, objective that directed its activities in the North was to improve the standard of living among Northerners.<sup>45</sup> It believed that by improving the quality of life in the North it could create a more promising future for Northerners.

The CCF government also set two policy-specific goals that it hoped would contribute to achieving its general objective of improving the standard of living in Northern Saskatchewan. First, it wanted to decrease the domination of private interests in the North that were exploiting Northern residents. Second, it sought to strengthen the Northern economy through the development and conservation of natural resource based

industries. The CCF government anticipated that if it could remedy some of the specific issues plaguing the North, it would result in a better life for those inhabiting the region.

Towards this end, the CCF decided that it would take action to decrease the control the HBC and other private traders had in the North in the areas of retail trading and the fish and fur industries. The CCF government also wanted to decrease the cost of goods in the North and to break down the credit system that the private traders subjected Northerners to because it believed this cycle of credit dependency was crippling the growth potential of the Northern economy.<sup>46</sup> Moreover, it desired to correct the issues afflicting the fur and fish trades so that it could strengthen the two main industries that so many Northerners relied upon for their annual incomes. One of the major problems with both these operations was instability due to a lack of orderly marketing of the products.<sup>47</sup> The CCF's hope was that by achieving its policy-specific goals of stopping the exploitation of Northerners and creating a stable economy through natural resource based industries it would subsequently accomplish its general, more long-term, goal that those living and working in Northern Saskatchewan would attain a better standard of living.

### **2.3 Conclusion**

The CCF government's interest in seeing the development of Northern Saskatchewan led it to assess the conditions of the region upon its inception to power in 1944. The result of this assessment was a judgment on the part of the government that the Northern economy had numerous problems that warranted assistance. As this issue of Northern conditions arose within the CCF and then was fully developed by the CCF

government without any significant involvement of public, it is apparent that this case study is an example of inside initiation, which is a model of agenda setting refined by Howlett and Ramesh.

After defining the policy problem, the CCF government then set a general objective of improving the standard of living of those residing in the region and some policy-specific goals to help it achieve this end. The one question left unanswered at this point is how the CCF government intended to meet its policy goals in Northern Saskatchewan. The following chapter discusses the policy instruments selected by the CCF government, the other key element of a public policy. It assesses both the CCF government's deliberation regarding its choice of specific policy instruments and how it subsequently employed them in achieving its objectives in Northern Saskatchewan.

<sup>1</sup> David Dery, *Problem Definition in Policy Analysis*, (Lawrence, KS: University Press of Kansas, 1984), 17.

<sup>2</sup> Michael Howlett and M. Ramesh, *Studying Public Policy: Policy Cycles and Policy Subsystems*, (Oxford: Oxford University Press, 1995), 52.

<sup>3</sup> *Ibid.*, 105.

<sup>4</sup> *Ibid.*, 107-108.

<sup>5</sup> *Ibid.*, 109.

<sup>6</sup> John W. Kingdon, *Agendas, Alternatives, and Public Policies*, 2<sup>nd</sup> ed. (New York: HarperCollins, 1995), 90.

<sup>7</sup> Leslie A. Pal, *Beyond Policy Analysis: Public Issue Management in Turbulent Times*, 2<sup>nd</sup> ed. (Scarborough: Nelson Thompson Learning, 2001), 98.

<sup>8</sup> John W. Kingdon, *Agendas, Alternatives, and Public Policies*, (Boston: Little, Brown, and Company, 1984), 21.

<sup>9</sup> Howlett and Ramesh, 116.

<sup>10</sup> R. Cobb, J.K. Ross, and M.H. Ross, "Agenda Building as a Comparative Political Process," *American Political Science Review* 70.1 (1976): 127.

<sup>11</sup> *Ibid.*, 135.

<sup>12</sup> *Ibid.*, 136.

<sup>13</sup> Howlett and Ramesh, 116.

<sup>14</sup> "Opposition Leader Replies," *The New Era*, 30 March 1938, 4; "Assembly Extracts," *The New Era*, 2 March 1938, 3; SAB, R-33.5, 37 (9-4), "Development of Natural Resources," C.A.L. Hogg, "Plan for the Development of Natural Resources of Northern Saskatchewan under Social Ownership and Control," 1943; SAB, Micro 5.6 (2), Newspaper Clippings, "Marketing Board for Timber, Coal Being Suggested," *Moose Jaw Times*, 25 February 1944; SAB, Micro 5.6 (2), Newspaper Clippings, "Debate on Speech From Throne Ends" *Leader Post*, 3 February 1939.

<sup>15</sup> Murray Dobbin, "Prairie Colonialism: The CCF in Northern Saskatchewan, 1944-1964," *Studies in Political Economy: A Socialist Review*, 16 (1985), 7.

<sup>16</sup> T.C. Douglas, *The Making of a Socialist: The Recollections of T.C. Douglas*, ed. Lewis H. Thomas (Edmonton: University of Alberta Press, 1982), 286.

<sup>17</sup> F. Laurie Barron, *Walking in Indian Moccasins: The Native Policies of Tommy Douglas and the CCF*, (Vancouver: UBC Press, 1997), 138; SAB, R-33.5, 37 (9-4), "Development of Natural Resources," C.A.L. Hogg, "Plan for the Development of Natural Resources of Northern Saskatchewan under Social Ownership and Control," 1943, 2.

<sup>18</sup> Dobbin, 37; Helen Buckley, J. E. M. Kew, and John B. Hawley, *The Indians and Métis of Northern Saskatchewan: A Report on Economic and Social Development*, (Saskatoon: Centre for Community Studies, 1963), 5.

<sup>19</sup> Buckley, Kew, and Hawley, 25.

<sup>20</sup> "Premier Investigates Northern Health: Educational Requirements Discussed With Northern Settlers," *Saskatchewan Commonwealth*, 1 August 1945, 2.

<sup>21</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1 Number 20, 14.

<sup>22</sup> Ibid.

<sup>23</sup> Barron, 141.

<sup>24</sup> Ibid., 142.

<sup>25</sup> This is in part because in 1944, the timber and mining industries had not yet become major economic forces in the North.

<sup>26</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1 Number 20, 16.

<sup>27</sup> SAB, Micro 5.6 (2), Newspaper Clippings, "Debate on Speech from Throne Ends," *The Leader Post*, 3 February 1939.

<sup>28</sup> "Hudson Bay Co. Lords the North: H.B.C. Exploits Northern Trappers," *Saskatchewan Commonwealth*, 29 March 1944, 7; "Phelps Challenges H.B.C. Land Contracts," *Saskatchewan Commonwealth*, 28 March 1945, 4; "Vast Tasks In North Outlined by Buchanan," *The Commonwealth*, 2 March 1949, 5; SAB, Micro 5.6 (2), Newspaper Clippings, "Company Land Contracts Challenged by Minister," *The Leader Post*, 20 March 1945; SAB, Micro 5.6 (2), Newspaper Clippings, "Better Deal Urged for West's Indians," *The Moose Jaw Times Herald*, 8 March 1946.

<sup>29</sup> SAB, R-33.5, 37 (9-4), "Development of Natural Resources," C.A.L. Hogg, "Plan for the Development of Natural Resources of Northern Saskatchewan under Social Ownership and Control," 1943, 5.

<sup>30</sup> Ibid, 13.

<sup>31</sup> Ibid.

<sup>32</sup> “J.L. Phelps Finds Need for Change on Tour of North: Outlines Program of Immediate Action For Natural Resources Department: Conditions Worse than Expected,” *Saskatchewan Commonwealth*, 2 August 1944, 1; “Conservation Bloc for North,” *Saskatchewan Commonwealth*, 12 September 1945, 5; “Take Another Good Look at Alleged Phelps ‘Gestapo’,” *The Commonwealth*, 12 May 1948, 12; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1, Number 20, 15.

<sup>33</sup> “Conserving Resources, Developing Industries (Broadcast of December 4),” *Saskatchewan Commonwealth*, 13 December 1944, 12.

<sup>34</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1 Number 20, 16.

<sup>35</sup> Helen Buckley, Trapping and Fishing in the Economy of Northern Saskatchewan, Report No. 3, Economic and Social Survey of Northern Saskatchewan, Research Division, (Saskatoon: Centre for Community Studies, University of Saskatchewan, 1962), 32-33.

<sup>36</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, (Regina: 1947), 77.

<sup>37</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, (Regina: 1947), 53; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 17 February 1948, L.W. Lee, Volume 1 Number 9, 26.

<sup>38</sup> “J.L. Phelps Finds Need for Change on Tour of North: Outlines Program of Immediate Action For Natural Resources Department: Conditions Worse than Expected,” *Saskatchewan Commonwealth*, 2 August 1944, 1; “Fish Filletting Plants Will Operate Dec. 1,” *Saskatchewan Commonwealth*, 15 August 1945, 9.

<sup>39</sup> SAB, Micro 5.6 (2), Newspaper Clippings, “Company Land Contracts Challenged by Minister,” *The Leader Post*, 20 March 1945; Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 10; “Take Another Good Look at Alleged Phelps ‘Gestapo’,” *The Commonwealth*, 12 May 1948, 12; “Vast Tasks In North Outlined by Buchanan,” *The Commonwealth*, 2 March 1949, 5.

<sup>40</sup> P. M. Worsley, H. L. Buckley and A. K. Davis, *Economic and Social Survey of Northern Saskatchewan*, (Saskatoon: Research Division, Center for Community Studies, 1961), 11.

<sup>41</sup> SAB, R-33.1, XL.859 (44) “Metis,” V.F. Valentine, “A Report for the Months of March and April on the Metis Research at Ile a la Crosse,” 1956, 4.

<sup>42</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 10.

<sup>43</sup> Douglas, 287.

<sup>44</sup> For a detailed discussion of the actors and determinants that influence problem definition, see Section 2.2: "The CCF's Assessment of Problems in the North."

<sup>45</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 6; "Aim At Co-operative Development in Saskatchewan's North," *The Commonwealth*, 20 August 1952, 2; Douglas, 286-290; "Co-operation Cuts Living Costs In Sask. North," *The Commonwealth*, 1 December 1954.

<sup>46</sup> "Phelps Challenges H.B.C. Land Contracts," *Saskatchewan Commonwealth*, 28 March 1945, 4; Douglas, 287; SAB, Micro 5.6 (2), Newspaper Clippings, "Better Deal Urged for West's Indians," *The Moose Jaw Times Herald*, 8 March 1946.

<sup>47</sup> "J.L. Phelps Finds Need For Change On Tour of North," *Saskatchewan Commonwealth*, 2 August 1944, 1.

## **Chapter 3**

### **SOCIAL OWNERSHIP AND NORTHERN CROWN CORPORATIONS**

The previous chapter established that the CCF government identified numerous policy problems in Northern Saskatchewan that contributed to a low standard of living among Northerners. Moreover, directly relating to its definition of these policy problems, the CCF set some general and policy-specific goals for itself. The CCF government wanted to rectify some of the social and economic ills of Northern Saskatchewan towards achieving its more general goal of improving the quality of life there.

To further the dialogue concerning the CCF government and Northern Saskatchewan, this chapter looks at how the CCF set out to achieve its objectives. It first presents the CCF's reasoning in choosing social ownership as its main policy instrument for development in the North. Then, it looks at the CCF's struggle to choose between two forms of social ownership and the rationale behind its initial decision to pursue the establishment of crown corporations instead of co-operatives in Northern Saskatchewan. Lastly, this chapter assesses the CCF's activities in creating crown corporations to provide services to Northern residents.

#### **3.1 Social Ownership as the CCF's Main Policy Instrument in the North**

The third and final element of a public policy is the policy instrument. The key in designing a public policy is choosing the most appropriate instrument to address the policy problem and ultimately to achieve the government's policy goals.<sup>1</sup> Leslie Pal



defined three different general categories of policy instruments. The first is to do nothing; it is a conscious choice not to act.<sup>2</sup> Government inaction involves the least amount of government intrusion. The second category is indirect action. By using information, expenditures, or regulation, the government can indirectly promote or restrain certain behaviours or outcomes.<sup>3</sup> The third category is direct action by the state. Of the three categories, this involves the most state intrusion in a society. Through the actions of government departments or agencies and state-owned enterprises or crown corporations, “the government is achieving its policy objective through the marshalling of its own resources and organizational capacity.”<sup>4</sup> Another form of direct action is third party contracts or partnerships in which “the state is still formulating its objectives, determining acceptable outcomes, signing the contract for service delivery, providing the funds, and monitoring performance.”<sup>5</sup> In all cases of direct state action, the state is ultimately responsible for achieving its objectives.

Numerous determinants can influence a government’s policy instrument choice. B. Guy Peters presents five factors that he argues influence the policy choices made by governments. They are “ideas [or ideology], institutions, interests, individuals, and the international environment.”<sup>6</sup> Howlett and Ramesh also identify a number of indicators that they believe impress upon government decision making with regard to instrument choice. They argue that “the choice [of policy instruments] is shaped by the characteristics of the instruments, the nature of the problem at hand, past experiences of governments in dealing with the same or similar problems, the subjective preference of the decision-makers, and the likely reaction to the choice by affected social groups.”<sup>7</sup>

Nicolas Baxter-Moore also provides insight into the factors that can influence a government's policy instrument choice. He argues that there are legal factors, such as the constraints that the Constitution Act place on federal and provincial governments.<sup>8</sup> There are also economic factors, such as foreign investment, capital mobility, tax revenues, budgetary deficits, and domestic economic constraints.<sup>9</sup> In addition, there are ideological factors, such as the preferences and philosophies of governing parties. For instance, Baxter-Moore states that studies have shown that when "left-wing" parties like the CCF are in power, they are more likely to use public ownership as an instrument than those parties that are more economically conservative.<sup>10</sup> Lastly, he contends that contextual factors influence instrument choice. The circumstances of the society and the world can lead a government to choose one instrument over another. Past failures or successes in using an instrument can also affect a government's decision-making.<sup>11</sup>

There are a number of theories and models of instrument choice that the academics in this field have developed. One such model of instrument choice was a hypothesis proposed by G. Bruce Doern and V. Seymour Wilson. They argue that "politicians have a strong tendency to respond to policy issues (any issue) by moving successively from the least coercive governing instruments to the most coercive."<sup>12</sup> Christopher Hood advances different model of instrument choice. He argues that governments inherently desire to "use bureaucracy sparingly" and thus they choose policy tools that are the most economical and require the least amount of monetary resources and "manpower."<sup>13</sup>

Howlett and Ramesh also developed a model to explain instrument choices. They elaborate upon the models of Hood, Doern and Wilson, and another created by

Stephen Linder and B. Guy Peters in an attempt to make theirs more responsive to an issue that they argue the other three models did not address. They state, “[t]heir main shortcoming lies in inadequate conceptualization of how the actors’ preferences are formed and realized or thwarted.”<sup>14</sup> The model that Howlett and Ramesh developed in response to this problem looks at the complexity of policy subsystems in relation to state capacity. Their position is that if state capacity is high but there is low policy subsystem complexity, the government will choose regulatory public enterprises or direct provision instruments; if state capacity and policy subsystem complexity are both high, then market instruments are used; when state capacity and policy subsystem complexity are both low, governments choose mixed instruments; and when state capacity is low and policy subsystem complexity is high, governments use voluntary, community, or family based instruments.<sup>15</sup>

Nicolas Baxter-Moore developed another hypothesis of instrument choice. He argues that the nature of the instruments and the degree of power of the target group will determine what kind of instruments a government chooses. Baxter-Moore states, “governments will select more intrusive instruments and/or more coercive sanctions when seeking compliance from less powerful or less influential groups (e.g., labour), and less intrusive instruments and/or less coercive sanctions when dealing with large corporations or other powerful actors.”<sup>16</sup> Thus, he perceives an inverse relationship between the intrusiveness of the instruments and the power of the target group. The remainder of this section provides readers with a discussion of the CCF government’s choice of a main policy instrument to use in the North.

After the CCF government defined the policy issues in Northern Saskatchewan and set its policy goals, it then had to choose the policy instruments that it would use to achieve its objectives. The CCF's decision to pursue some kind of activity in the North instead of taking a position of deliberate inaction stems from its years in opposition in the 1930s and early 1940s. The CCF MLAs were not always satisfied with the work, or lack thereof, of the Liberal governments in the North. Indeed, they believed that the Liberals were ignoring Northern Saskatchewan. In 1938, the CCF provincial leader, G.H. Williams, stated in the Legislature, "If there is anything we can do to help ourselves out of the mire, two of those things are the development of the North Country and the fostering of co-operation. Of these things the Government has talked, but what have they actually done? The answer is, nothing, and sometimes, worse than nothing."<sup>17</sup> Moreover, in the late 1930s, *The New Era* reported, "One of the C.C.F. members was heard to murmur [in the Legislature], 'I wish we were in power so we could develop the north.'"<sup>18</sup> From these sentiments, it is logical that upon its election to govern in 1944 the CCF chose to act to address the policy issues it defined in Northern Saskatchewan.

The CCF government could choose a policy instrument involving either direct or indirect action in deciding how to achieve its policy goals in the North. As members of a socialist party that believed in a large amount of state involvement in the economy, the CCF government MLAs were ideologically inclined towards using some form of direct action in addressing the issues it identified in Northern Saskatchewan. Moreover, from the time the CCF was created, the party took a strong position on the importance of social ownership for the health of an economy. Members of the CCF favoured the

idea that social ownership produces benefits for many people in a society not just a few, as is the case with private ownership.

In the CCF's first program, *Regina Manifesto of 1932*, it advocated public ownership of services. The CCF stated, "public utilities must be operated for the public benefit and not for the private profit of a small group of owners of financial manipulators. Our natural resources must be developed by the same methods."<sup>19</sup> It went on to argue that

[i]n restoring to the community its natural resources and in taking over industrial enterprises from private to public control we do not propose any policy of outright confiscation. What we desire is the most stable and equitable transition to the Co-operative Commonwealth. ... The welfare of the community must take supremacy over the claims of private wealth.<sup>20</sup>

The CCF maintained there was a necessity for the socialization of services initiated by the government at national, provincial, and municipal levels and this was one of its major positions in subsequent electoral campaigns.

In addition to arguing for government owned services, in the *Regina Manifesto* the CCF asserted the desire and necessity for a positive and supportive relationship between co-operatives and the state. The CCF pledged that there should be "encouragement by the public authority of both producers' and consumers' co-operative institutions."<sup>21</sup> The *Manifesto* went on to state, "Co-operative enterprises should be assisted by the state through appropriate legislation and through the provision of adequate credit facilities."<sup>22</sup> From this early time, the CCF recognized the importance of co-operatives in the economy and advocated for co-operative associations to have a strong role in Canadian society. The CCF saw this positive working relationship between co-operatives and the state as being an integral part of its socialist views

regarding the economy and society because the CCF's vision for the "co-operative commonwealth" included co-operatives as essential for a healthy operating socialized economy.<sup>23</sup>

In a 1943 speech, Douglas explained that he believed there are four levels or types of social ownership: federal ownership, provincial ownership, municipal ownership, and co-operative ownership. Regarding co-operatives, he said, "we believe [co-operative ownership] to be the most important of all, hence the name "Co-operative Commonwealth". In that form of ownership the people actually engaged in a certain phase of our economic life would themselves own, operate and control it."<sup>24</sup>

It is apparent that the Saskatchewan CCF was dedicated to social ownership in the form of co-operatives and crown corporations. Moreover, the CCF government openly supported the idea of a mixed economy in which public and co-operative ownership would exist in balance with private ownership.<sup>25</sup> In accordance with this, Premier Douglas and his CCF government acknowledged the importance of private industry for the well-being of the overall economy. However, CCF members believed that private ownership should not operate in a monopolistic setting where it could exploit those people in need of goods and services.<sup>26</sup> Because of this, Douglas envisioned an ongoing role for social ownership within the economy. He stated,

In our opinion, those industries that were vital to the life of the community, and were monopolistic in character, ought to be publicly owned. Both producers and consumers should be encouraged to establish co-operatives. We felt that if twenty to thirty percent of the economy was co-operatively owned and operated, this would act as an effective balance wheel to maintain a free economy.<sup>27</sup>

Douglas clearly believed that the health of an economy largely depended on the balance between public, private and co-operative ownership.

In the judgment of the CCF government, the economy of Northern Saskatchewan in the mid-1940s was neither mixed nor balanced. Most of industries in Northern Saskatchewan operated in monopolistic settings and the CCF believed that these private monopolies were exploiting Northerners. Moreover, no co-operatives or crown corporations existed to provide services to the North. Thus, given the CCF's position on monopolistic industries, its obvious inclination towards social ownership, and its belief in the mixed economy, it is logical that the government would favour an instrument of direct action in the North in the form of social ownership. Indeed, the CCF government did arrive at the decision to introduce social ownership of services as its main instrument for correcting some of its concerns with the Northern economy and in turn improving the standard of living in the North. Once the CCF made its choice of a more general instrument, it then had to determine which form of social ownership, co-operatives or crown corporations, would be most effective in achieving its policy goals in Northern Saskatchewan.

### **3.2 Social Ownership: Crown Corporations or Co-operatives**

As was previously established, the CCF government believed that private industry held too much control over the Northern economy and it decided to introduce social ownership in the region towards the goal of shifting some of this power away from private industry and improving the standard of living of Northern residents. In accordance with its views on the mixed economy, the CCF favoured the idea of using either public or co-operative ownership as instruments of change in Northern Saskatchewan. Thus, the CCF considered both options for the North upon its inception to power before deciding which one it would introduce in the North.

In its assessment of the possibilities for the creation of co-operatives in Northern Saskatchewan, the CCF government identified a number of positive effects that the co-operative model could produce in the region. It believed that co-operative ownership in the natural resources industries could help to stabilize the industries and empower the members by allowing them as producers to possess a degree of control over their industries.<sup>28</sup> Moreover, co-operatives are often institutions of learning in which the members can receive an education in many different aspects of business.<sup>29</sup> The CCF also believed that co-operatives have the ability to free members from the exploitative practices of private industry because co-operatives provide their members with desired goods and services in such a way that they receive benefits through membership.<sup>30</sup> In addition, production or marketing co-operatives allow for the elimination of middlemen so that the producers receive a larger proportion of the profits from their products.<sup>31</sup>

Although the CCF identified all the positive aspects of co-operatives, “[i]n the early years, due to the instability of the fishing industry in the north, problems of transportation and communications, limited education of the people, coupled with language and cultural barriers and many other problems, the difficulties of establishing an effective co-operative program immediately appeared insurmountable.”<sup>32</sup> Indeed, as A.H. MacDonald noted, in parts of the province, in far less favourable (and even racist) terms, “[t]here was a pretty general feeling that the Metis and Indian had just climbed down from the trees and were a long distance away from running their own affairs.”<sup>33</sup> Thus, even though the CCF acknowledged the positive effects that the co-operative model could have on the condition of the Northern economy and on the standard of



living in the North, because of these impediments, it decided that co-operative ownership was not a realistic instrument choice in the early years of its administration.

The CCF's resolution that it was unable to establish a program of co-operative development led it to decide that the creation of crown corporations in the North would be the most effective instrument for producing change in the North at the time. The government acknowledged that public ownership would produce some of the same positive economic effects in the region as co-operative ownership would have and it would not be hindered by the same social and infrastructural related problems that prohibited the development of co-operatives.<sup>34</sup>

Another factor that influenced the CCF's decision to utilize public ownership as an instrument in Northern Saskatchewan was a report written by C.A.L. Hogg titled, *A Plan for the Development of the Natural Resources of Saskatchewan under Social Ownership*.<sup>35</sup> The study was the product of a committee the Saskatchewan CCF set up to assess resource development in the province in anticipation of the 1944 campaign. This report made numerous recommendations, including arguing that a possible CCF government should establish public ownership in the fur, fish, and timber industries. It also recommended the creation of a state-owned airline to provide transportation services to Northerners.<sup>36</sup> This report held a great deal of weight with the CCF and Jean Larmour contends that this paper was the source of a number of the DNR's policies under the newly elected CCF government.<sup>37</sup>

The CCF government therefore decided that public ownership was the more practical instrument to use at the time to achieve its policy goals in Northern Saskatchewan. Nevertheless, the CCF did not close the door on the future possibility of

co-operative development in the North. Indeed, “the government at that time stated that in the foreseeable future, when the natives were better informed of the necessity of administering their own affairs, the assets [of the crown corporations] would be sold to co-operatives that might be set up.”<sup>38</sup> The *Report of the Royal Commission on the Fisheries of Saskatchewan* also promoted this idea of eventually converting the crown corporations to co-operatives. The Royal Commission endorsed the idea that “the Fish Board should envisage a situation in which the fishermen might ‘take over’ the processing plants as co-operative enterprises. To this end, the Commission believes that an arrangement should be made in the near future whereby representatives of the fishermen might act in an advisory capacity to the Board.”<sup>39</sup> The Commission saw the introduction of co-operatives in the North as an additional step the government could take to achieve its goals of improving life among Northern residents. By altering the structure of the already established Fish Board, the Commission identified a way for a small change to make a significant difference in the lives of the Northern fishers. The change to a co-operative model would empower fishers and offer them a chance to have a degree of control over their industry because they would become member-owners of the business and not just the recipients of a government-owned service.

In addition to its position on eventually converting the crown corporations to co-operatives, the Royal Commission also acknowledged the positive effects that other types of co-operatives could have for Northerners. As such, the Royal Commission’s Final Report made a number of other recommendations regarding the possibilities of establishing various types of co-operatives among Aboriginals and fishers. It proposed

that a system of adult education be developed to promote community and co-operative projects amongst the native population...that encouragement

be given to the formation of fishermen's marketing groups on the various lakes... that the Department of Co-operation and Co-operative Development be requested to undertake an educational program among the fishermen in regard to the principles and objectives of co-operative associations and credit unions and to the procedures necessary in their formation; that as soon as feasible and opportune at least one credit union and one co-operative marketing or purchasing association be formed to demonstrate the value and possibilities of such organizations among the fishermen.<sup>40</sup>

The Commissioners recognized the potential future benefits of co-operation for the Northern economy and social system. Nonetheless, it is clear they believed an educational process had to take place first so that Northern residents would understand the structure and procedures of co-operatives before they formed their own co-operative associations.

The CCF government undoubtedly believed that social ownership could help to remedy some of the policy problems it identified with the Northern economy. By using crown corporations as its initial policy tool in the North, it sought to rectify the problems with the fish and fur markets and with the exploitation of Northerners by private industry. The continued awareness of the CCF government regarding the possible benefits of the co-operative model made it apparent the CCF did not envision crown corporations as the only form of social ownership it would introduce in Northern Saskatchewan. However, the government determined that crown corporations would be its first instrument of socialization in the North.

### **3.3 Northern Crown Corporations**

In accordance with the CCF government's decision to use public ownership as the policy instrument that would help it achieve its goals in Northern Saskatchewan, it established supporting legislation to allow for the creation of state owned businesses in natural resource based industries. The new government also assigned responsibility for

setting up these crown corporations to the Minister of Natural Resources. In his first year as Minister of the DNR, Joe Phelps established three crown corporations for Northern Saskatchewan in the areas of fur, fish, and timber through the DNR's Northern Affairs Branch. Phelps was enthusiastic about the possibilities for these industries in the North. He recognized that there was a large mineral resource ready for development in Northern Saskatchewan, but he believed fur, fish, and timber required immediate attention for their protection, conservation, and responsible development.<sup>41</sup>

The Saskatchewan Fur Marketing Service, the Saskatchewan Fish Board,<sup>42</sup> and the Saskatchewan Timber Board, which all had compulsory participation at the time of their creation, were established in 1945.<sup>43</sup> In the latter part of the 1940s, two other crown companies, Saskatchewan Government Trading and Government Airways, were also created in the North. The government also operated a wireless radio communication system in the North.<sup>44</sup>

Although there were many purposes for the Northern crown corporations individually, they all shared two main objectives: to improve the social and economic position of Northern residents and provide needed services in the region.<sup>45</sup> The government's additional intentions for the fish and fur marketing services were to improve the prices that trappers and fishers received for their products and to provide stability to the fur, fish, and timber markets in the province. They were also to assist in conservation of the province's natural resources so that Northerners would be able to draw upon them indefinitely.<sup>46</sup> The trading stores were to provide needed goods to Northerners at reasonable prices and introduce a degree of competition in the sphere of Northern trading stores.<sup>47</sup> The wireless radio system and Government Airways were to

improve communication and transportation between Northern communities. The airway also created a line of transport between the South and the most remote communities.<sup>48</sup> It is apparent that the central purpose of all the Northern crowns was to improve Northerners' standard of living, though each did so differently.

It is important to note that the CCF government did not perceive these Northern based crown companies primarily as moneymaking tools. Instead, their importance was as means of assistance for the Northern economy. In fact, in the Saskatchewan Legislature in 1949, Premier Douglas alluded to the idea that the Fish Board was a social assistance measure and its profitability was not as important to the government as the services it provided in the North.<sup>49</sup> The government identified the possible long-term benefits of these socialized services in the North as their ability to create stable industries and improve the standard of living for Northerners.

In accordance with the CCF government's desire for the crown corporations to affect life in the North positively, it identified an additional way for the government to make an impact in the region through the crowns. It decided to convert two of the publicly owned businesses into co-operatives so that Northerners would have a greater degree of control over their industries and their economy generally. This increased control would result from the Northerners becoming the member-owners of the co-operatives and thus making decisions about the businesses democratically. In 1958, the CCF government converted the Saskatchewan Fish Marketing Service and Saskatchewan Government Trading into co-operatively owned and operated businesses. The following chapter details the conversion of these two crown corporations into co-operatives. However, before addressing their conversion, it is important first to

understand their structure and composition as crown corporations, thus the next section discusses the origin and nature of the Fish Marketing Service and Government Trading.

### **3.4 Saskatchewan Fish Marketing Service and Government Trading**

When the CCF government established the Saskatchewan Fish Board in 1945, the board had compulsory participation and operated as a division of the Saskatchewan Lake and Forest Product Corporation. The CCF created this crown corporation to undertake a number of activities in the North related to the fishing industry. First, the Fish Board assumed the service of marketing Saskatchewan fish from private fish dealers. The Fish Board did not purchase fish from the fishers; instead, it served as a marketing intermediary between the fishers and the larger provincial, national, and international markets. The government created the Fish Board to stabilize the fishing industry in the province, so that the fishers would no longer be subjected to the major fluctuations in prices offered by private fish dealers. One of the Fish Board's policies was to maintain the same prices throughout the fishing seasons so that fishers could depend on the prices for their product.<sup>50</sup> The government hoped the Fish Board would improve the incomes of Northern fishers and help to breakdown the credit system by removing opportunistic private interests from the process.<sup>51</sup>

The Fish Board's second major activity was the operation of fish filleting plants and freezers at Northern lakes.<sup>52</sup> The government felt that this function was necessary because of the parasite infestation in the Northern lakes, which necessitated the filleting and packaging of fish from "B" classification lakes before they could be sold. Because the fishers in most Northern communities could not afford to build and operate fish plants, the CCF decided to do so for them. The government saw the freezers as a

necessary addition to its Northern services because of the issues related to transporting fish from the remote lakes. Fish freezers allowed product to be prepared for safe long distance transportation where the fish would be sold at market.<sup>53</sup>

In 1949 the government decided to alter the operations of the Fish Board. The Saskatchewan Fish Marketing Service assumed responsibility for the marketing of fish in the province. “The announced intention of this new organization [was] to act as a service organization on a non profit basis.”<sup>54</sup> When this change in the Fish Board took place, the government decided to drop the compulsory features of the service. From this time on, a majority of fishers at a lake had to vote in favour of using the fish marketing service instead of alternate means of marketing.<sup>55</sup> In addition to the other changes with the conversion, the DNR took over the operations of the fish plants and freezers from the Fish Board so that they were departmental activities and no longer a part of crown corporation’s responsibilities.<sup>56</sup>

An additional feature of the Fish Board is that it had a division called Saskatchewan Government Trading (SGT) that operated trading stores in the North. When the Fish Marketing Service replaced the Fish Board, the government decided to continue the SGT stores as a part of Saskatchewan Marketing Services.<sup>57</sup> The government’s reasoning for establishing these stores was that it felt that in conjunction with improving the lives of Northerners by increasing prices received for the products of their labour, it also had to decrease the cost of goods they purchased in the settlements.<sup>58</sup> Thus, it decided to operate government-run trading posts in select Northern communities.

The CCF’s first intention was to purchase the existing HBC stores in the

northern settlements. When the HBC refused to sell, the government decided to open its own stores in competition with the HBC and the other private traders.<sup>59</sup> In 1945, the first stores opened in La Ronge and Wollaston. By 1950, there were also SGT trading posts in Snake Lake, Stanley Mission, Cumberland House, and Deschambault.<sup>60</sup> The main goal of the CCF run stores was to improve the prices that Northerners paid for necessary items. The CCF did not create the SGT stores with a primary desire of making money. On the contrary, because the stores were in place to help Northerners extend their limited incomes as far as possible, the government was not overly concerned with their profitability. The following quote, from a brief written by a government committee on the North, demonstrates the social function of the SGT stores:

Government Trading is commissioned to –

- (1) Provide goods to the people in the north at reasonable prices thereby introducing a measure of competition into the retail trade in the north.
- (2) Provide this service without loss to the organization on each year's operation.<sup>61</sup>

In addition to stopping the monopolistic practices of the Northern traders and lowering the prices of goods, the government viewed the SGT stores as a means to help break down the credit system, which “had a retarding effect on the economic and social development of the north.”<sup>62</sup>

The Fish Board and SGT had a similar conception. The government formed both to use as instruments of change in the North and to begin to improve the standard of living among Northerners. Moreover, as is discussed in the following chapter, both crown corporations also shared the same demise when the government converted them into co-operatives. Even though these two businesses changed forms of ownership,



they remained socially based and thus, they continued to work towards the CCF's goal of improving conditions in the North through social ownership.

### **3.5 Conclusion**

The CCF government was dedicated to balancing social and private ownership in Saskatchewan's economy. However, it identified an imbalance between the two in the North and it therefore perceived a need to replace what it viewed as the monopolistic and exploitative practices of private business with a degree of socialized services to improve social and economic conditions in the North. Thus, it chose social ownership as its main policy instrument in the North. The CCF government then opted to use crown corporations instead of co-operatives as its initial tool of Northern development.

The models of instrument choice proposed by Howlett and Ramesh and Baxter-Moore best explain the CCF's choice of instruments in Northern Saskatchewan. The government chose an intrusive instrument in dealing with a group that possessed little policy or political capacity at the time. Moreover, the capacity of the CCF government was high while there was low policy subsystem complexity and the government chose to use public enterprise, which is a direct provision instrument.

Through the establishment of crown corporations that operated in a number of areas of Northern life, the CCF attempted to achieve its previously identified objectives in the North. However hopeful the CCF was for these government owned businesses to improve conditions in the North, it saw them as only a temporary measure, as it identified the creation of co-operatives in the North as the long-term answer to Northerners' social and economic problems.<sup>63</sup> The next chapter explains how beginning in 1949 the CCF introduced a new policy instrument in the North through a

co-operative development program. From the late 1940s until the CCF was defeated in the 1964 provincial election, the CCF government supported the education of Northerners in the principles and practices of co-operation and helped them create co-operatives in their communities. Through public and co-operative ownership, the CCF realized its vision for social ownership in the North. The following chapter provides a preliminary assessment of whether it achieved its policy goals of decreasing the dominance of private industry and improving the standard of living among Northerners.

- <sup>1</sup> Leslie A. Pal, *Beyond Policy Analysis: Public Issue Management in Turbulent Times*, 2<sup>nd</sup> ed. (Scarborough: Nelson Thompson Learning, 2001), 132.
- <sup>2</sup> *Ibid.*, 135.
- <sup>3</sup> *Ibid.*, 136-137.
- <sup>4</sup> *Ibid.*, 137.
- <sup>5</sup> *Ibid.*
- <sup>6</sup> B. Guy Peters, "The Politics of Tool Choice," in *The Tools of Government: A Guide to the New Governance*, ed. Lester M. Salamon (Oxford: Oxford University Press, 2002), 553.
- <sup>7</sup> Michael Howlett and M. Ramesh, "Patterns of Policy Instrument Choice: Policy Styles, Policy Learning and the Privatization Experience," *Policy Studies Review* 12:1 (1993), 13.
- <sup>8</sup> Nicolas Baxter-Moore, "Policy Implementation and the Role of the State: A Revised Approach to the Study of Policy Instruments," in *Contemporary Canadian Politics: Readings and Notes*, eds. R.J. Jackson, D. Jackson, and N. Baxter-Moore (Scarborough: Prentice-Hall, 1987), 348.
- <sup>9</sup> *Ibid.*, 348-349.
- <sup>10</sup> *Ibid.*, 350.
- <sup>11</sup> *Ibid.*, 351.
- <sup>12</sup> G. Bruce Doern and V. Seymour Wilson, eds., *Issues in Canadian Public Policy* (Toronto: Macmillan, 1974), 339.
- <sup>13</sup> Christopher C. Hood, *The Tools of Government*, (Chatham: Chatham House Publishers, 1986), 141-147.
- <sup>14</sup> Michael Howlett and M. Ramesh, *Studying Public Policy: Policy Cycles and Policy Subsystems*, (Oxford: Oxford University Press, 1995), 162.
- <sup>15</sup> *Ibid.*, 162-163.
- <sup>16</sup> Baxter-Moore, 352.
- <sup>17</sup> "Opposition Leader Replies," *The New Era*, 30 March 1938, 4.

- <sup>18</sup> “Assembly Extracts,” *The New Era*, 2 March 1938, 3.
- <sup>19</sup> Co-operative Commonwealth Federation, *Regina Manifesto: Programme of the Co-operative Commonwealth Federation*, (Regina: S.N., 1933), 2-3.
- <sup>20</sup> *Ibid.*, 3.
- <sup>21</sup> *Ibid.*, 4.
- <sup>22</sup> *Ibid.*, 5.
- <sup>23</sup> Co-operative Commonwealth Federation, *Declaration of Ultimate Objectives* (n.p., n.d., [c. February 1933]), CCFP, cited in Walter D. Young, *The Anatomy of a Party: The National CCF 1932-1961*, (Toronto: University of Toronto Press, 1969), 18-19.
- <sup>24</sup> T.C. Douglas, *Tommy Douglas Speaks*, ed. L.D. Lovick, (Vancouver: Oolichan Books, 1979), 76.
- <sup>25</sup> Seymour M. Lipset, *Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology*, (Berkeley: University of California Press, 1950), 164-165; Co-operative Commonwealth Federation (Saskatchewan Section), *The Growth of the Provincial Platform*, (Regina: 1938), 2.
- <sup>26</sup> T.C. Douglas, *The Making of a Socialist: The Recollections of T.C. Douglas*, ed. Lewis H. Thomas (Edmonton: University of Alberta Press, 1982), 67-168, 284.
- <sup>27</sup> *Ibid.*, 167-168.
- <sup>28</sup> SAB, R-74, V.4.b.i., “Saskatchewan Fisheries Limited – Files of A. Kuziak, 1957-59,” J.T. Phalen to Don Swailes, 23 March 1959.
- <sup>29</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, 1947, 101-103.
- <sup>30</sup> SAB, R-74, V.4.b.i., “Saskatchewan Fisheries Limited – Files of A. Kuziak, 1957-59,” J.T. Phalen to Don Swailes, 23 March 1959.
- <sup>31</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, 1947, 101-103.
- <sup>32</sup> SAB, R-74, V.4.b.i., “Saskatchewan Fisheries Limited – Files of A. Kuziak, 1957-59,” J.T. Phalen to Don Swailes, 23 March 1959.
- <sup>33</sup> SAB, R-1402, 4.67, “Reorganization of Saskatchewan Fish Marketing Services and Government Trading Stores, 1957-58,” A.H. MacDonald, *Reasons for Change in Structure and Board of Directors of Fish Marketing and Trading*, 23 July 1958, 2.

<sup>34</sup> “Phelps Charges Mineral Monopolies in Saskatchewan: Proposes Government Power Development, Marketing Board,” *Saskatchewan Commonwealth*, 1 March 1944, 1; SAB, R-74, V.4.a, “Co-operative Fisheries Limited, 1957-64,” Frank Meakes to Martin Erikson, 28 February 1964; SAB, R-74, V.4.b.i., “Saskatchewan Fisheries Limited – Files of A. Kuziak, 1957-59,” J.T. Phalen to Don Swailes, 23 March 1959; SAB, R-675, I.1, “Northern Co-operative Development, 1948-62,” *Grants for Northern Consumer Co-operatives*, No Date; “CCF Advocates Social Development of Vast Northland,” *Saskatchewan Commonwealth*, 5 April 1944, 1; SAB, R-675, I.1., “Northern Co-operative Development, 1948-62,” *Minutes of the Northern Staff Conference, September 28-October 1, 1959*, 3.

<sup>35</sup> SAB, R-33.5, 37 (9-4), “Development of Natural Resources,” C.A.L. Hogg, “Plan for the Development of Natural Resources of Northern Saskatchewan under Social Ownership and Control,” 1943.

<sup>36</sup> *Ibid.*, 12, 13, 18.

<sup>37</sup> Jean Larmour, “The Douglas Government’s Change Emphasis on Public, Private, and Co-operative Development in Saskatchewan, 1944-1961,” in *Building the Co-operative Commonwealth: Essays on the Democratic Socialist Tradition in Canada*, ed. J. William Brennan (Regina: Canadian Plains Research Center, 1985), 161.

<sup>38</sup> SAB, R-74, V.4.a, “Co-operative Fisheries Limited, 1957-64,” Frank Meakes to Martin Erikson, 28 February 1964.

<sup>39</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, 1947, 67-68.

<sup>40</sup> *Ibid.*, 127-128.

<sup>41</sup> SAB, R-A113, audio tape, J.L. Phelps interview by Murray Dobbin, 1976; SAB, R-A971, audio tape, J.L. Phelps interview by Barry Richards, 1976.

<sup>42</sup> The Fish Board was replaced with the Saskatchewan Fish Marketing Service in 1949.

<sup>43</sup> Note that the Fur Marketing Service was only compulsory for beaver and muskrat furs.

<sup>44</sup> Douglas, *The Making of a Socialist*, 286; J.T. Phalen, “The Northern Co-operative Development Program,” unpublished paper, 1997, 2.

<sup>45</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 17 February 1948, L.W. Lee, Volume 1, Number 9, 28-30; Douglas, 286-288; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1, Number 20, 14-16.

<sup>46</sup> “Fur Exchange Now Open,” *Saskatchewan Commonwealth*, 13 December 1944, 11; Douglas, 287-288; “Conserving Resources, Developing Industries (Broadcast of December 4),” *Saskatchewan Commonwealth*, 13 December 1944, 12; “CCF Action! Department of Natural Resources: Part I – Fish,” *The Commonwealth*, 4 February 1948, 2; “CCF Action! Department of Natural Resources: Part II – Fur,” *The Commonwealth*, 11 February 1948, 2; “CCF Action! Department of Natural Resources: Part III – Forests,” *The Commonwealth*, 18 February 1948, 2; “J.L. Phelps Finds Need for Change on Tour of North: Outlines Program of Immediate Action For Natural Resources Department: Conditions Worse than Expected,” *Saskatchewan Commonwealth*, 2 August 1944, 1.

<sup>47</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1947-48*, 7; Douglas, 288.

<sup>48</sup> Douglas, *The Making of a Socialist*, 286.

<sup>49</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 16 February 1949, T.C. Douglas, 101.

<sup>50</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1948, 3 March 1948, H.L. Howell, Volume 1 Number 20, 16.

<sup>51</sup> *Ibid.*

<sup>52</sup> Saskatchewan, *Journals of the Legislative Assembly of the Province of Saskatchewan, Session 1946*, “Speech from the Throne,” 1946, 10.

<sup>53</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, (Regina: 1947), 62; “J.L. Phelps Finds Need for Change on Tour of North: Outlines Program of Immediate Action For Natural Resources Department: Conditions Worse than Expected,” *Saskatchewan Commonwealth*, 2 August 1944, 1; “Fish Filleting Plants Will Operate Dec. 1,” *Saskatchewan Commonwealth*, 15 August 1945, 9.

<sup>54</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 8.

<sup>55</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 8; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 28 March 1949, J.H. Brockelbank, 932.

<sup>56</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 28 March 1949, J.H. Brockelbank, 932.

<sup>57</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 10-11; Saskatchewan, *Progress: A Survey of Saskatchewan Government Activity, 1944-52*, (Regina: Bureau of Publications, 1952), 22.

<sup>58</sup> Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 28 March 1949, J.H. Brockelbank, 932; Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1947-48*, 7; Douglas, *The Making of a Socialist*, 288; SAB, S-A154, 44, "Northern Co-operative Trading Services Limited: Miscellaneous, 1949-69," S.E. Skatfeld, *Northern Co-operative Trading Services Limited*, 8 March 1960, 1; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 16 February 1949, T.C. Douglas, 106.

<sup>59</sup> Hugh Mackay Ross, *The Manager's Tale: Saskatchewan District*, (Winnipeg: J. Gordon Schillingford Publishing, 1989). Online. Retrieved from Memories of Deep River Website. World Wide Web. <<http://www.jkcc.com/evje/five.html>> (Retrieved 2 December 2001); SAB, R-A1109, audio tape, J.H. Brockelbank interview by Murray Dobbin, 1976.

<sup>60</sup> Saskatchewan, *Progress: A Survey of Saskatchewan Government Activity, 1944-52*, (Regina: Bureau of Publications, 1952), 43.

<sup>61</sup> SAB, M16, VII.3, "Parks and Lands Branch, 1961-63," Northern Advisory Committee, *Brief By Northern Advisory Committee on Metis of Northern Saskatchewan*, 1955, 6.

<sup>62</sup> Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 10.

<sup>63</sup> Douglas, *The Making of a Socialist*, 289-290.

## **Chapter 4**

### **NORTHERN CO-OPERATIVE DEVELOPMENT: OVERVIEW AND ASSESSMENT**

To reiterate, upon the CCF's election to govern in 1944, it was dedicated to utilizing social ownership in Northern Saskatchewan to influence positive change in the region. Because of the conditions in the North in the mid-1940s, the CCF chose to use public ownership instead of co-operatives as its policy instrument in Northern Saskatchewan. It therefore created crown corporations to provide services to Northern communities. Nevertheless, the CCF government acknowledged the positive effects that co-operatives could have and it identified the co-operative model as the long-term tool for maintaining social ownership in Northern Saskatchewan.<sup>1</sup> The CCF foresaw a role for co-operatives in the North to improve the standard of living of Northern residents "by owning and controlling the factors of their livelihood on a co-operative basis."<sup>2</sup> As such, in the latter part of the 1940s, the government began encouraging the establishment of co-operatives in settlements across Northern Saskatchewan.

This chapter surveys and assesses the CCF government's activities in promoting the development of co-operatives in Northern Saskatchewan from the late 1940s until 1964. The chapter first discusses the creation of the Department of Co-operation and Co-operative Development and the Extension Services Branch of the department. It then looks at the initial introduction of the co-operative model to Northern



Saskatchewan residents by Extension Services and the creation of local co-operatives in the region. It moves on to examine the conversion of two crown corporations, Saskatchewan Fish Marketing Services and Saskatchewan Government Trading, into second tier co-operatives that were owned by the local Northern fishing co-operatives and retail co-operatives respectively. Finally, the chapter assesses whether the CCF government met its general and policy-specific goals in Northern Saskatchewan by using crown corporations and co-operatives as its policy instruments there.

#### **4.1 The DCCD, Extension Services, and Northern Co-operative Development**

The CCF introduced two important policies that provided the infrastructure for it to pursue the development of co-operatives in Northern Saskatchewan. The first was the establishment of the Department of Co-operation and Co-operative Development and the second was the creation of the DCCD's Extension Services Division. The DCCD was the larger entity responsible for all co-operative activity in the province and Extension Services was charged with fostering and supporting co-operative development in Northern Saskatchewan, among other duties.

The creation of the DCCD was only one of the CCF government's many early bureaucratic reforms. It was an important policy move both because it sent out a clear message that the government envisioned a strong role for the co-operative movement in the provincial economy and because the DCCD was the first government department of its kind in North America. The CCF created the DCCD to act as a support and development mechanism for co-operatives in the province. It not only provided support services to the already established co-operatives, but it also assisted groups wanting to start new co-operatives. In the DCCD's early years, it focused mainly on co-operatives

in the southern part of the province in the agricultural heartland and, more than that, it concentrated on traditional types of co-operatives in the areas of retail stores, credit unions, and agriculture co-operatives.

It is important to note that the CCF was not the first Saskatchewan government to offer support or enabling legislation to co-operatives. Indeed, numerous Liberal governments contributed to the growth and maintenance of the co-operative movement in Saskatchewan. Among other important pieces of legislation regarding co-operatives, a Liberal government introduced the Credit Union Act and the Co-operative Marketing Associations Act.<sup>3</sup> Moreover, it was a Liberal government that established a Co-operation and Markets branch of the Department of Agriculture many years prior to the CCF's creation of the DCCD.<sup>4</sup> However, the Liberal government that directly preceded the CCF took a position against government involvement in the co-operative movement and argued numerous times in the Legislature that co-operatives and politics should not become mixed up with each other.<sup>5</sup>

The creation of the DCCD was also important in terms of budgetary allowances. When co-operatives were merely a branch of another department, the government allotted a smaller sum of monies for the promotion and support of co-operatives.<sup>6</sup> Upon the creation of the DCCD, Myron H. Feeley, a CCF MLA representing Canora, claimed the Saskatchewan co-operative movement "had grown not because of the actions of the Liberal government's (sic) but in spite of those actions. He said that in the past the Liberal government had only spent a fraction of the money that the government could have expended with the co-operative movement."<sup>7</sup> With the establishment of a new department charged solely with promoting and supporting co-operatives, the CCF

government made greater capital available to undertake these tasks.<sup>8</sup> The year before they were ousted from government, the Liberals allocated the Co-operation and Markets branch of the Agriculture department just under \$22,000 and it employed twelve permanent and one temporary staff.<sup>9</sup> By the second year of the DCCD's existence, its budget was over \$68,000 and it had 29 permanent and 13 temporary staff members.<sup>10</sup> The DCCD's budget continued to increase and in 1950, it had almost \$275,000 in expenditures.<sup>11</sup> From these figures, it is apparent that the creation of the DCCD was an enabling policy for the future development of co-operatives in Northern Saskatchewan because the DCCD possessed the budgetary ability to expand its work in the province that the Co-operation and Markets branch of Agriculture lacked.

The CCF government, through the DCCD, directed its early interest in co-operatives towards the development of new co-operatives and the support of established co-operatives in Southern Saskatchewan. However, as the 1940s wore on and the DCCD became more versed in different types of co-operation, it began to look at alternative types of co-operatives like fur co-operatives, co-operative farms, fisher co-operatives, and power co-operatives. In conjunction with this increased awareness of different forms of co-operation, the DCCD took an interest in the possibility of introducing the co-operative model to the residents of Northern Saskatchewan.

In 1948, the CCF government created the Extension Services Division of the Department of Co-operatives and Co-operative Development. The government assigned Extension Services with responsibility for "new co-operatives" in the province and it included Northern co-operatives in this category.<sup>12</sup> Subsequently, in 1949 the DCCD hired a new field officer responsible for co-operative education and co-operative

development in the Northern region of the Province. He was stationed in Prince Albert and was the only DCCD employee working in the North.<sup>13</sup> This position included such duties as organizing study groups, providing educational seminars, helping northerners incorporate their co-operatives, and then supplying advisory assistance with bookkeeping and operating methods once the co-operatives were functioning.<sup>14</sup>

The DCCD and Tommy Douglas, the Minister of Co-operatives at the time, had a vision for how the CCF government's Northern co-operative development strategy would progress and grow. In a report written by Douglas, he stated:

A new program to try to assist the trappers and fishermen of northern Saskatchewan on a co-operative basis is being launched. This will call for an extensive educational program with a gradual development of co-operative marketing, purchasing, production and credit unions as rapidly as co-operative leadership and education can be developed. As far as is known, this will be the first organized program of its kind in Canada.<sup>15</sup>

From the beginning of the CCF government's Northern co-operative development program, DCCD staff recognized some barriers that it would have to surmount if its plan for establishing co-operatives in the region was going to be successful. These difficulties included "distances between scattered settlements, transportation difficulties and costs, lack of education among the adults, language problems where the main native language is Cree, and lack of facilities for saving money. In addition the natives have had little or no business experience."<sup>16</sup> Due to these issues, a major concern of the department regarding Northern co-operatives was education. Because many Northerners were unfamiliar with the co-operative model, the CCF felt it necessary to introduce the concept and principles of co-operation in conjunction with the promotion of co-operative model as a business tool.<sup>17</sup>

In terms of the number of co-operatives created, the CCF's Northern co-operative development strategy got off to a relatively slow start. This was in part because of the tremendous educational responsibilities of the DCCD's Northern field officer and partly because he was the only DCCD employee working in the thirty settlements that were spread out across the North. In accordance with his mandate to undertake a significant educational role in the North, in the fieldworker's first year of work in the North, he "attended many meetings in northern communities at which he has shown co-operative films, given talks, and led discussions on what co-operatives are and the services that might be provided through them. A number of one and two day co-operative schools were held in the settlements."<sup>18</sup> As such, by the early 1950s, only a few co-operatives in Northern Saskatchewan had incorporated. However, the DCCD had anticipated that the growth of co-operatives would progress slowly and stated, "the interest of the people in developing co-operatives is very encouraging and the progress made to the present time should justify assistance being given throughout this region."<sup>19</sup>

Although the DCCD's development activities did not initially result in the establishment of many co-operatives in the North, numbers began to rise as the educational process continued and more Northerners learned of the possible benefits of co-operation. As a testament to this, there were about ten co-operatives operating in the North in 1955 as compared to only three a few years earlier.<sup>20</sup> As Northerners organized more co-operatives through the mid-1950s and interest mounted in communities without co-operatives, the DCCD recognized a need for more Northern staff. This was in part because the DCCD judged that "[c]onsiderably more advisory and supervisory assistance is needed for the co-operatives in this area due to a lack of

experience and the educational level of the people involved. A substantial part of the bookkeeping, business arrangements and supervising of operations is done by the division representative.”<sup>21</sup> Thus, by 1958 the DCCD had five field officers working in the North and a supervisor of Northern co-operative development overseeing their activities.<sup>22</sup>

Based on both the reports of several social and economic surveys undertaken in the North in the late 1940s and early 1950s and discussions with Northern residents, the DCCD determined that the types of co-operatives most needed among Northerners were consumer co-operatives, fish marketing co-operatives, and credit unions.<sup>23</sup> Therefore, from the beginning of its Northern co-operative development strategy the government promoted the most development in these three sectors, and especially in the former two. The CCF government recognized the benefits that these three types of co-operatives could have for Northerners in terms of increasing total income and increasing the proportion of income that they could retain after costs of living.<sup>24</sup>

In the CCF government’s assessment of the social and economic conditions in Northern Saskatchewan, many of its concerns centered on the problems it identified with the fishing industry. Thus, it identified the establishment of fish marketing co-operatives as a priority for the Northern co-operative development strategy. Government employees from the DCCD and the DNR stationed in Northern communities worked hard to assist groups of fishers to organize co-operatives for the marketing of fish. In fact, the first Northern co-operative in operation was a fish marketing co-operative located on Reindeer Lake.<sup>25</sup> Through these co-operatives, fish filleting plants were built, large-scale freezers for fish were purchased and, through co-

operative marketing, the fishers attempted to secure better prices for their raw and processed products. The CCF also initiated education programs through the co-operatives to teach fishers about their industry and advancements in technology.<sup>26</sup> Through the combined efforts of the CCF government's employees and the Northern fishers, numerous fish marketing co-operatives were organized. Indeed, in terms of numbers of co-operatives incorporated, the fishers' co-operatives were the most popular type of co-operative in Northern Saskatchewan and by 1964, there were eighteen fish marketing co-operatives operating in the North.<sup>27</sup>

Government employees posted in the North also focused on the creation of co-operative retail stores. Partly due to shipping and other costs, the price of goods was very high in the remotely located Northern retail stores and trading posts. In addition, many communities had only one, or at most two, privately owned stores, which resulted in a lack of competitive pricing.<sup>28</sup> The government brought the idea of member owned and operated co-operative stores to Northern residents as a means to lower prices for groceries and other goods in Northern communities and to introduce a degree of competition for the monopolies operating in the North. Moreover, the co-operatives presented an opportunity to employ local people at all levels of the organization from the frontline to management.<sup>29</sup> The CCF government was successful in assisting Northerners to establish co-operative stores and by the time it ascended from power, almost half of the communities in Northern Saskatchewan had a co-operative retail store.<sup>30</sup>

The CCF government identified credit dependency and a lack of cash savings as an ongoing issue among Northerners.<sup>31</sup> The DCCD decided credit unions were a means

of addressing these issues. Through membership in credit unions, Northerners would be encouraged to save their extra income and to stop taking out short term loans from the HBC and other private trading posts, which charged very high interest.<sup>32</sup> Although the government was more successful in assisting Northern residents in establishing numerous fishers' co-operatives and co-operative stores, it still helped to form a handful of credit unions over the years and it was hoped that its educational program would nevertheless benefit people even where no credit unions were incorporated.

In addition to these three types of co-operatives, government workers introduced many other forms of co-operative associations to Northern residents. Northerners started power co-operatives to provide electricity to their communities where they would otherwise have been without access to electricity.<sup>33</sup> Recreation co-operatives were organized as a way for settlements to have recreational services like skating and curling rinks in addition to "providing a unifying force within the community."<sup>34</sup> Northerners also created two wood products co-operatives, which ran sawmills and employed local, mainly Aboriginal, people in the forestry industry. Although marginally successful over time, these co-operatives contributed to the economy of their communities while in operation.<sup>35</sup> Guides in the Lac La Ronge area also formed a co-operative in the early 1950s as a means to retain a larger proportion of the tourist dollars entering the community.<sup>36</sup> In addition, residents of the Cumberland House area incorporated a fur co-operative in the North during this time. It was a production-type of co-operative that specialized in the production and harvesting of muskrats for fur.<sup>37</sup>

In the CCF's latter years in government, it also assisted groups in the organization of housing co-operatives. Housing shortages were an ongoing problem in



the North as the Aboriginal people who lived on the land began to settle in the communities. These co-operatives provided some affordable housing in settlements where housing was either in short supply or too costly for people with limited incomes to afford.<sup>38</sup> In the early 1960s, the government also helped a group in La Ronge to organize an Aboriginal handicraft co-operative, which was a means for artisans and craftspeople to market their goods collectively. The co-operative had 178 members and over \$5000 in sales in its first year, which mostly drew from the tourist industry.<sup>39</sup>

It is readily apparent that the creation of the DCCD and its Extension Services Branch allowed the CCF government to utilize co-operative development as a policy instrument in Northern Saskatchewan. From 1949 when the DCCD hired its first Northern field officer until 1964 when the CCF left government, more than fifty co-operatives were incorporated in Northern Saskatchewan. Although these co-operatives experienced varying degrees of success, each provided members with valuable skills and knowledge that they could use in other settings. Most of the CCF government's development tactics followed a model of helping Northerners establish new co-operatives for themselves. However, as the next section demonstrates, the government used an unorthodox approach to co-operative development in creating Co-operative Fisheries Limited and Northern Co-operative Trading Services Limited.

#### **4.2 Conversion of Two Crown Corporations into Co-operatives**

The educational program undertaken by the CCF government's Northern staff was extensive and these employees worked to bring many different ideas of co-operation to Northerners during the fifteen years of the development strategy. Of the fifty-odd co-operatives that were created in Northern Saskatchewan during the CCF's time in office,

two stand out as examples of an uncommon sort of government-driven co-operative development. These were Co-operative Fisheries Limited and Northern Co-operative Trading Services Limited, which were created upon the disassembling of two separate crown corporations in the late 1950s.

In 1959, after more than a decade of operations, the CCF government converted the Saskatchewan Fish Marketing Service and Saskatchewan Government Trading into co-operative associations. It is important to note that this was not a sudden decision on the part of the government. Indeed, from the time that the CCF government first formed its Northern crown corporations, it was amenable to the idea of eventually converting them into co-operatives. Indeed, “the government at that time stated that in the foreseeable future, when the natives were better informed of the necessity of administering their own affairs, the assets [of the crown corporations] would be sold to co-operatives that might be set up.”<sup>40</sup> The *Report of the Royal Commission on the Fisheries of Saskatchewan* promoted this idea as well. The Royal Commission stated, “the Fish Board should envisage a situation in which the fishermen might ‘take over’ the processing plants as co-operative enterprises.”<sup>41</sup>

The Saskatchewan Fish Marketing Service, a government-owned and operated business first formed in 1945, was turned over to the Northern fishers in 1959 when Co-operative Fisheries Limited (CFL) was created with a Provincial Act.<sup>42</sup> CFL oversaw the production, processing, and marketing of the Northern fish that were caught by fishers in the local co-operatives. As a second-tier co-operative, CFL was co-operatively owned by the local co-operatives that the fishers organized in various settlements in the North. The structure of CFL was not of the typical fashion, as the

board of directors was appointed rather than elected by the local co-operatives and there were initially more non- members on the Board than representatives of the locals.<sup>43</sup>

Section 24 of the Co-operative Fisheries Act provided for the appointed board of directors to be disbanded at the fishers' request after five years and one-half of CFL's debt was paid off. In the meantime, the board set up a number of policies to begin integrating the fishers into the decision making process. In 1962, CFL's board of directors set up a system of "associate directors" so the fishers could participate as junior members of the board. The board decided that each year one of the associate directors would replace a non-fisher board member.<sup>44</sup> The intention was that as the fishers learned more about how to manage their federation, more local co-operative representatives would be elected to the board until they would comprise its entire board of directors. By 1965, the board had three fisher directors and three associate directors.<sup>45</sup>

At the time of CCF's defeat by the Liberal Party in the 1964 provincial election, control of Co-operative Fisheries Limited still had not been turned over to its Northern owners. In a report from CFL's board of directors, it was claimed that the "board itself resolved that complete turnover should take place in the next three years. However, this conclusion was subjected to the wishes of the members as expressed at annual meetings."<sup>46</sup> CFL finally became a true co-operative with full member control in 1971.<sup>47</sup>

The other crown corporation that Douglas's government converted into a co-operative in 1959 was Saskatchewan Government Trading. SGT was comprised of six government-run trading stores located in Northeastern communities.<sup>48</sup> The six SGT

stores were bought by local co-operatives that the government had the residents of the communities establish. In conjunction with the conversion of the SGT stores, the CCF also set up the Northern Co-operative Trading Services Limited (NCTSL) as a second tier co-operative, which the six local co-operatives owned co-operatively.<sup>49</sup>

Like CFL, NCTSL was not organized as a typical second-tier co-operative, as the six individual co-operatives did not elect its board of directors. Instead, the Northern Trading Act of 1959 provided for the appointment of co-operative leaders from the southern part of the province to the board of directors.<sup>50</sup> Federated Co-operatives Limited (FCL) entered into a management contract with Northern Co-operative Trading Services, which obliged Federated to provide management services to the six NCTSL local co-operative stores. Under this agreement, FCL provided a general manager to each store and paid their salaries and expenses.<sup>51</sup>

From the outset, NCTSL was intended to be used as a transitional step only and the board of directors of NCTSL planned to dissolve the central co-operative in 1964, five years after its creation. After this time, the six NCTSL stores would individually deal directly with FCL for management services.<sup>52</sup> Despite these intentions, in 1964, “a number of the board members ... met with the people at some of these stores and decided the central organization should carry on for another two or three years.”<sup>53</sup> In 1964 when the CCF left office, the board of directors of the central co-operative was still under the control of non-members. It is important to note that the member-owners always controlled the six local co-operative stores in this network.

As both of the new co-operatives purchased the crown corporations' assets, they were in debt to the provincial government and were to pay yearly payments of \$12,000

to the Saskatchewan Government. The NCTSL co-operatives owed the province \$275,000 and CFL was to pay back \$225,000. The government agreed to subsidize this debt and the co-operatives were credited \$.50 for every dollar they repaid. NCTSL and CFL were both financially successful and paid off a large portion of their debts during the CCF's time in office.<sup>54</sup>

CFL and NCTSL were not typical co-operatives and they were not created in the usual way. However, they exemplify the CCF's desire to implement lasting social ownership in Northern Saskatchewan. The government initially created the Fish Marketing Service and the SGT because it perceived a need in the North that could be best met at that time with government ownership. When the government felt that a different type of ownership structure could fulfill this need as well or better than public ownership, rather than turn these crown corporations over to the private sector, the CCF sold the people's businesses to co-operatives. Although these co-operatives were not ideal forms of the co-operative model, they created an opportunity for Northerners to own their businesses collectively and reap the benefits of their work through co-operation. These two co-operatives present prime examples of the CCF's vision for long-term social ownership in Northern Saskatchewan with the hope of improving the quality of life there and the chances it was willing to take to achieve this goal.

#### **4.3 Outcome of the Policies – Did the CCF Meet its Goals in the North?**

When the CCF came to power in 1944, Northern Saskatchewan was “virtually unchanged from the north of 1885.”<sup>55</sup> There was little infrastructure and it was still being run by the parish priests, bootleggers, and fur sharks.<sup>56</sup> Upon its attainment of power in 1944, the CCF entered the North and began implementing a program of

development that “differs from all which have preceded it, for it is specifically aimed at promoting the self-development of the people, at stimulating community co-operation, at ending poverty and backwardness.”<sup>57</sup> Indeed, the Douglas government utilized social ownership as a policy instrument in the North with the ultimate goal of positively affecting the social and economic positions of Northern residents and improving the quality of life of people residing in the region.

This section demonstrates that the CCF government accomplished its policy-specific goals of stabilizing the fish and fur industries, decreasing the cost of goods, and eliminating the monopolistic and exploitative practices of private traders in the retail, fish, and fur industries in the North. Moreover, it determines that it is outside the scope of this thesis to establish whether the CCF was able to improve life in Northern Saskatchewan. Lastly, it discusses an additional consequence of the CCF’s Northern co-operative development strategy.

By using social ownership as a development tool, the CCF achieved its policy-specific goals regarding the Northern fish and fur industries. Through the creation of the government owned and operated Fish Marketing Service and Fur Marketing Service, it stabilized these industries by providing fishers and trappers with orderly marketing that eliminated the fluctuating pricing used by private fish and fur dealers.<sup>58</sup> The fish and fur marketing services also improved the net prices paid to fishers and trappers for their products.<sup>59</sup> Fishers also subsequently experienced an increase in the financial returns from the marketing of their products through the local fishers’ co-operative marketing associations and their central co-operative, CFL.<sup>60</sup> Moreover, the presence of social ownership in the fishing and fur industries took the power out of the

hands of private fish and fur dealers, thus eliminating what the CCF perceived as exploitative control over Northern fishers and trappers.

The fishers' co-operatives also created a sense of ownership among fishers regarding their industry and they offered the fishers experience with modern business methods.<sup>61</sup> A report published in 1963 on the social and economic situation in Northern Saskatchewan explained some of the positive effects resulting from the fish marketing co-operatives: "Co-operative marketing has brought about a substantial increase in prices paid to fishermen, and higher prices will work to greater advantage in the future when more fishermen have greater output."<sup>62</sup> Indeed, these authors maintained that "Co-op Fisheries, and the Fish Marketing Service before it, have frequently raised the price to the fishermen."<sup>63</sup> The fish marketing co-operatives contributed achieving the CCF's policy-specific goals through increased financial returns to fishers and a newfound stability in the fishing industry.

The CCF also set a policy-specific goal of decreasing the cost of goods for Northerners and halting the monopolistic and exploitative practices of private traders in the North. It achieved this objective by creating a system of government owned and operated trading stores and helping to open numerous co-operative retail stores in the North, all of which introduced competition into a system that was previously controlled by monopolies. Indeed, one Northern study at the time reported, "[w]here government and co-op stores have operated, prices to consumers have been lowered, often substantially."<sup>64</sup> Newspaper reports in the late 1950s indicated that the Northern co-operative stores reduced prices for goods by about one third.<sup>65</sup> Moreover, the Northern co-operative stores effected change in the practices of other businesses in the region.

For instance, the HBC trading post in Ile a la Crosse reformed its pricing system due to the competition introduced by the co-operative store that local residents formed in the community.<sup>66</sup> In the opinion of one group of authors, of all the CCF's social programs in the North, "[p]erhaps of the most significance in the long-run [is that] ... co-operative trading stores are replacing the Government Trading Stores."<sup>67</sup> These stores were not only successful in achieving the government's goals of decreasing both the control of private traders and the cost of goods in Northern Saskatchewan, but some were also successful corporate entities.

It is clear from the above evidence that the CCF achieved its policy-specific goals in the North. It eliminated the monopolies held by Northern traders; it stabilized the Northern fish and fur industries through orderly marketing; it increased prices to fishers and trappers through co-operative marketing; it decreased the cost of goods in the North; and it generally decreased the influence of private industry in Northern Saskatchewan. Even though it is evident that the CCF achieved these policy-specific goals by using social ownership as its main policy instrument, there is insufficient evidence to determine whether it also met its more general goal of improving the standard of living in the North simply because it achieved these specific goals. Thus, we must conclude that it is outside the scope of this thesis to come to a decision regarding if the CCF accomplished its general goal in Northern Saskatchewan.

Although this study is unable to establish if the CCF improved the quality of life of Northerners through its program of social ownership, it can identify an additional, possibly unintended, consequence of this development program that is significant regardless of its success. The CCF government's policies of social ownership led to the



development of co-operatives in Northern Saskatchewan, which were the first of their kind in Canada, as there were no other Aboriginal or Northern co-operatives previously incorporated. Even though the CCF government's program of co-operative development among Northern Aboriginals was a top-down initiative of limited success, it is significant because it was a pioneering effort that produced an early model for others to draw upon and learn from in subsequent years.

Even if the CCF's program of social ownership in Northern Saskatchewan did not achieve all of the government's goals, it nevertheless produced some tangible results that influenced life in the region. Although there were no co-operatives or crown corporations operating in the North when the CCF came to power, during its time in office more than fifty co-operative associations and five publicly owned businesses were created in the North. Indeed, in 1964, after fifteen years of active government support for the development of new co-operatives in Northern Saskatchewan, fifty-one co-operatives operated in the region.<sup>68</sup> This total was comprised of the following co-operatives: eighteen fishermen's co-operatives, fourteen consumer co-operative stores, four power co-operatives, two wood products co-operatives, three recreational co-operatives, two credit unions, one handicraft co-operative, one co-operative fur project, four housing co-operatives, Northern Co-operative Trading Services Limited, and Co-operative Fisheries Limited.<sup>69</sup> For additional evidence testifying to the significance of Northern co-operatives, we can look to a report about the conditions of Northern Saskatchewan from 1963, which stated, "[f]rom the record of the past few years, we could cite numerous instances of co-operative achievement in the North. Without any doubt, the co-ops are a highly important addition to the northern scene."<sup>70</sup>

#### **4.4 Conclusion**

The CCF identified numerous policy problems in Northern Saskatchewan and it set policy-specific and general goals to address these problems. By using social ownership as its main policy instrument in Northern Saskatchewan, the CCF government accomplished its policy-specific goals in the North by introducing public and co-operative ownership there. Because of the CCF's innovative policies, the cost of goods in Northern communities decreased and the incomes of some Northerners increased. Moreover, the fish and fur marketing industries were stabilized and the prices fishers and traders received for their products increased. The competition introduced by social ownership also eliminated the monopolies held by private traders and their dominance over the Northern economy was decreased. In addition, through membership in co-operatives, Northern residents gained a sense of ownership and control over their industries and learned about what they could achieve through self-help and co-operation. Whatever the limitations of the CCF government's strategy of social ownership in Northern Saskatchewan may have been, in its twenty years in government, it was still able to achieve its policy-specific goals and produce a model of Northern co-operative development from which subsequent co-operators could learn.

<sup>1</sup> T.C. Douglas, *The Making of a Socialist: The Recollections of T.C. Douglas*, ed. Lewis H. Thomas (Edmonton: University of Alberta Press, 1982), 289-290; SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," "Some Notes on Meeting With Field Officers of the Department of Natural Resources in Prince Albert, December 10<sup>th</sup> 1949."

<sup>2</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1950-51*, 19.

<sup>3</sup> SAB, Micro 5.6 (2), Newspaper Clippings, "Premier takes C.C.F. to Task: Co-operation Move Classed as Political," *The Leader Post*, 8 April 1942; Saskatchewan, *Journals of the Legislative Assembly of the Province of Saskatchewan, Session 1938*, (Regina: King's Printer, 1938), 50; Saskatchewan, *Journals of the Legislative Assembly of the Province of Saskatchewan, Session 1937*, (Regina: King's Printer, 1937), 61.

<sup>4</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1921*, (Regina: King's Printer, 1921), 219-220.

<sup>5</sup> SAB, Micro 5.6 (2), Newspaper Clippings, "Premier takes C.C.F. to Task: Co-operation Move Classed as Political," *The Leader Post*, 8 April 1942; SAB, Micro 5.6 (2), Newspaper Clippings, "Co-ops Advised to Shun Parties," *The Leader Post*, 20 March 1943; SAB, Micro 5.6 (2), Newspaper Clippings, "Co-ops Charged Political Hot-beds," *The Leader Post*, 25 October 1944; SAB, Micro 5.6 (2), Newspaper Clippings, "Co-operative Cleavages," *The Leader Post*, 30 October 1944.

<sup>6</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1944*, (Regina: King's Printer, 1944), 169; Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1945*, (Regina: King's Printer, 1945), 276, 381-381.

<sup>7</sup> SAB, Micro 5.6 (2), Newspaper Clippings, "Co-ops Charged Political Hot-beds," *The Leader Post*, 25 October 1944.

<sup>8</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1944*, (Regina: King's Printer, 1944), 169; Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1945*, (Regina: King's Printer, 1945), 276, 381-381.

<sup>9</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1944*, (Regina: King's Printer, 1944), 169.

<sup>10</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1946*, (Regina: King's Printer, 1946), 313-315.

<sup>11</sup> Saskatchewan, *Public Accounts of the Province of Saskatchewan for the Fiscal Year Ended April, 30 1950*, (Regina: King's Printer, 1950), 496-202.

<sup>12</sup> Saskatchewan, Department of Co-operation and Co-operative Development, *Annual Report of Co-operative Extension Services for the Twelve Months Ended March 31, 1949*, 2, 10.

<sup>13</sup> It is important to note that the DCCD's field man was not the only Saskatchewan government employee who was assisting groups in starting co-operatives in the North. The Department of Natural Resources also had field officers working in the region who were supportive of the co-operative model and assisted with the task of providing information about the co-operative model and helping Northerners to form co-operatives.

<sup>14</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1949-50*, 15.

<sup>15</sup> SAB, R-33.1, III, 119 (3-27), "Deputy Minister and Administration, November 1949-December 1956," *Work of Department of Co-operation, November 2nd, 1944, To Date, 1950*, 1.

<sup>16</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1951-52*, 17.

<sup>17</sup> SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," *Proposed Program for Northern Co-operative Development*, 30 May 1949; SAB, R-1402, 4.48, "Northern Advisory Committee, 1952-57," *Report of Work Done in the North by Members of the Advisory Committee of Co-operative Education*, 8 September 1952; SAB, R-1402, 4.48, "Northern Advisory Committee, 1952-57," *Report and Minutes of the Second Meeting of the Advisory Committee on Co-operative Education in the North – Held in the Board Room of the Provincial Government Building, on Friday, May 9, 1952*, 2.

<sup>18</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1950-51*, 20.

<sup>19</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1952-53*, 21-22.

<sup>20</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1955-56*, 16; Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1952-53*, 21-22.

<sup>21</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1953-54*, 19.

<sup>22</sup> SAB, R-33.1, III.129 (3-51), "Co-operatives in Northern Saskatchewan, September 1960-October 1961," *Report on the Organization for the Provision of Government Services in Northern Saskatchewan*, March 1961, 7.

<sup>23</sup> R-33.5, 19 (3-29), "Co-operative Development in the North," "Report and Recommendations on Visit to Missions and Trading Posts in Northern Saskatchewan – August 20 to August 24, Inclusive," 1949; Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1950-51*, 19.

<sup>24</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1950-51*, 19.

<sup>25</sup> SAB, R-33.5, I.19 (3-29), "Co-operative Development in the North, October 1949-November 1959," B.N. Arnason to T.C. Douglas, 16 February 1959.

<sup>26</sup> "Aim at Co-operative Development in Saskatchewan's North," *The Commonwealth*, 20 August 1952, 2; "North Fisherman Build Co-op Packing Plant, *The Commonwealth*, 13 July 1949, 1; SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," *Proposed Program for Northern Co-operative Development*, 30 May 1949; "Co-op Does Sturgeon Fishing," *The Commonwealth*, 29 August 1951, 1; "Fishermen Co-operate in North," *The Commonwealth*, 31 October 1951, 10; Saskatchewan Legislative Assembly, *Debates and Proceedings*, 1949, 28 March 1949, Hon. Mr. Brockelbank, 932.

<sup>27</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report*, 1964, 94.

<sup>28</sup> For further discussion of the problems associated with the privately owned retail stores in the North, see Chapter 2, "The CCF's Assessment of Problems in the North."

<sup>29</sup> SAB, R-74, V.4.b.iii, "Co-operative Fisheries 1962 (Kuziak)," *Government Guaranteed Loans to Northern Co-operatives*, 1; SAB, R-33.1, XL.859 (44), "Metis," Victor Valentine, *The Fort Black Co-operative Store: A Social Experiment Among the Ile a la Crosse Metis*; SAB, R-74, I.1, "Dr. B.N. Arnason (Deputy Minister) 60-64," B.N. Arnason to L.F. McIntosh, N.D.; SAB, R-33.5, I.19 (3-29), "Co-operative Development in the North, October 1949-November 1959, B.N. Arnason to T.C. Douglas, 16 February 1959.

<sup>30</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report*, 1964, 94.

<sup>31</sup> For a detailed discussion on the issue of credit in the North, see Chapter 2, "The CCF's Assessment of Problems in the North."

<sup>32</sup> SAB, R-1402, 4.48, "Northern Advisory Committee, 1952-57," *Report of Work Done in the North by Members of the Advisory Committee of Co-operative Education*, 8

September 1952; SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," *Interdepartmental Meeting on Co-operative Development in the North*, 14 November 1949; SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," *Some Notes on Meeting with Field Officers of the Department of Natural Resources in Prince Albert, 10 December 1949*; SAB, R-675, I.1, "Northern Co-operative Development, 1948-62," *Proposed Program for Northern Co-operative Development*, 30 May 1949.

<sup>33</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1957*, 78.

<sup>34</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1962*, 130.

<sup>35</sup> SAB, R-74, V.9.b, "Northern Community Projects: January 1963-March 1964," G.F. Porteous, *The Cumberland House Wood Products Co-operative Limited*, 21 October 1963; SAB, R-74, V.9.b, "Northern Community Projects: January 1963-March 1964," J.T. Phalen, *Review of District – Co-operative, Activities, Potentials and Needs*, 13 May 1963; Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1963*, 126.

<sup>36</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1951-52*, 17.

<sup>37</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1962*, 131.

<sup>38</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1961*, 113; SAB, R-74, V.7, "Housing Projects," B.N. Arnason to Frank Meakes, 15 November 1963; SAB, R-74, V.7, "Housing Projects," *North Housing Project Reviewed by Turnbull*, from *Prince Albert Daily Herald*, N.D.

<sup>39</sup> SAB, R-1402, 4.47, "Handicrafts Co-operatives, 1960-71," B.N. Arnason to T.C. Douglas, 10 May 1960; SAB, R-1402, 4.47, "Handicrafts Co-operatives, 1960-71," B.N. Arnason to the Secretary of the Treasury Board, 12 May 1960; SAB, R-1402, 4.47, "Handicrafts Co-operatives, 1960-71," *Report of the Meeting of a Temporary Committee on Indian Craft Industry – Held in the Office of the Honourable O.A. Turnbull, December 21, 1960*.

<sup>40</sup> SAB, R-74, V.4.a, "Co-operative Fisheries Limited, 1957-64," Frank Meakes to Martin Erikson, 28 February 1964.

<sup>41</sup> Saskatchewan, *Report of the Royal Commission on the Fisheries of Saskatchewan*, 1947, 67-68.

<sup>42</sup> For a full description of the Saskatchewan Fish Marketing Service see Chapter 3: "Saskatchewan Fish Marketing Service and Government Trading."

<sup>43</sup> F. Laurie Barron, *Walking in Indian Moccasins: The Native Policies of Tommy Douglas and the CCF*, (Vancouver: UBC Press, 1997), 155; SAB, R-74, V.4.a, "Co-operative Fisheries Limited, 1957-64," Frank Meakes to Martin Erickson, VP, Prince Rupert's Fishermen's Co-operative, 28 February 1964.

<sup>44</sup> SAB, R-74, V.4.a., "Co-operative Fisheries Limited, 1957-1964," Frank Meakes to Martin Erikson, 28 February 1964.

<sup>45</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1962*, 133; SAB, S-A154, 1, "Co-operative Fisheries Limited, 1958-69," Submitted by the Co-operative Fisheries Limited Board of Directors, *Progress Report: Co-operative Fisheries Limited*, March 1965, 6.

<sup>46</sup> SAB, S-A154, 1, "Co-operative Fisheries Limited, 1958-69," Submitted by the Co-operative Fisheries Limited Board of Directors, *Progress Report: Co-operative Fisheries Limited*, March 1965, 7.

<sup>47</sup> For a discussion of CFL after the CCF left office, see Daniel M. Beveridge, "Co-operative Fisheries Limited: A Northern Saskatchewan Story," unpublished paper, June 2000.

<sup>48</sup> For a full description of the Saskatchewan Government Trading Stores see Chapter 3: "Fish Marketing Service and Saskatchewan Government Trading."

<sup>49</sup> SAB, S-A154, 43, "Northern Co-operative Trading Services Limited: Stores, 1958-68," *Saskatchewan Government Bill Transferring Six Northern Government Trading Stores to Co-operatives*, 8 April 1959 (Rough Draft).

<sup>50</sup> SAB, S-A154, 44, "Northern Co-operative Trading Services Limited: Miscellaneous, 1949-69," S.E. Skatfeld, *Northern Co-operative Trading Services Limited*, 8 March 1960, 2.

<sup>51</sup> *Ibid.*, 3.

<sup>52</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1963*, 129; SAB, S-A154, 43, "Northern Co-operative Trading Services Limited: Stores, 1958-68," *Saskatchewan Government Bill Transferring Six Northern Government Trading Stores to Co-operatives*, 8 April 1959 (Rough Draft); SAB, S-A154, 43, "Northern Co-operative Trading Services Limited: Stores, 1958-68," S.E. Skatfeld, *A Suggested Program for Northern Co-operatives*, 14 November 1961, 2.

<sup>53</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report 1964*, 98.

<sup>54</sup> SAB, R-74, V.9.a., "Northern Community Development, 1958-62," Department of Co-operation, *Assistance to Northern Consumer Co-operatives*, 18 September 1962; SAB, S-A154, 43, "Northern Co-operative Trading Services Limited: Stores, 1958-68," *Saskatchewan Government Bill Transferring Six Northern Government Trading Stores to Co-operatives*, 8 April 1959 (Rough Draft).

<sup>55</sup> Murray Dobbin, "Prairie Colonialism: The CCF in Northern Saskatchewan, 1944-1964," *Studies in Political Economy: A Socialist Review* 16 (1985), 7.

<sup>56</sup> SAB, R-A1185, audio tape, T.C. Douglas interview by Murray Dobbin, 8 November 1976.

<sup>57</sup> P.M. Worsley, H.L. Buckley and A.K. Davis, *Economic and Social Survey of Northern Saskatchewan*, (Saskatoon: Research Division, Center for Community Studies, 1961), 15.

<sup>58</sup> Saskatchewan, *The Saskatchewan Fur Marketing Service (SFMS): Owned and Operated by the People*, (Regina: N.D.), 1-2, 4, 6; Saskatchewan, *The Saskatchewan Fur Marketing Service: Marketing Your Furs*, (Regina: N.D.), 1; Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1946-47*, 9-10; Saskatchewan, *Annual Report, Saskatchewan Lake and Forest Products Corporation, 1948-49*, 6-10; SAB, R-A113, audio tape, J.L. Phelps interview by Murray Dobbin, 1976; "Fur Exchange Now Open," *Saskatchewan Commonwealth*, 13 December 1944, 11; "Fishermen Receive High Initial Advance," *Saskatchewan Commonwealth*, 13 February 1946, 9; "Department of Natural Resources: Part I – Fish," *The Commonwealth*, 4 February 1948, 2 "Department of Natural Resources: Part II – Fur," *The Commonwealth*, 11 February 1948, 2; "Fur Marketing Service Get Praise in East," *The Commonwealth*, 8 September 1948, 1, 12; "Saskatchewan's Crown Corporations. A Great New Social Asset," *The Commonwealth*, 3 June 1953, 5; SAB, LFP.1, F.I.1., "General, 1946-47," J.F. Gray to Malcolm Norris, 19 May 1947.

<sup>59</sup> Barron, 144.

<sup>60</sup> Beveridge, 31-32.

<sup>61</sup> Helen Buckley, J.E.M. Kew, and John B. Hawley, *The Indians and Métis of Northern Saskatchewan: A Report on Economic and Social Development*, (Saskatoon: Centre for Community Studies, 1963), 87.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid., 34-35.

<sup>64</sup> Ibid., 34.



<sup>65</sup> “Native Co-op Sales Good,” *Saskatoon Star-Phoenix*, 24 March 1959; “Co-ops Could Help,” *Indian Record*, March 1959.

<sup>66</sup> P.T. Spaulding, *The Metis of Ile a la Crosse*, Ph.D. Dissertation, (Department of Anthropology) University of Washington, 1970, 124.

<sup>67</sup> Worsley, Buckley, and Davis, 14.

<sup>68</sup> Although these were the co-operatives in operation upon the CCF’s descent from power, they were not the only co-operatives started during this time, as some co-operatives that were formed had failed or were inactive.

<sup>69</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report*, 1964, 94.

<sup>70</sup> Buckley, Kew, and Hawley, 35.

## **Chapter 5**

### **CONCLUSION**

Northern Saskatchewan possesses awe-inspiring natural beauty. It is also home to peoples of First Nations, Métis, and European ancestry who continue to define and shape the North today. Rapid development of the North is relatively recent, beginning only in the latter half of the twentieth century when the Co-operative Commonwealth Federation led by Tommy Douglas was elected to govern the province. Until that time, the North remained largely unchanged since the fur trade became a dominant force in the region's economy. The new CCF government determined that changes were needed and it embarked on an ambitious program of development in the region, a program whose effects would be felt in Northern Saskatchewan for many decades after the CCF left power.

#### **5.1 Summary of Findings**

In the mid-1940s, the Douglas government made an assessment of the socio-economic conditions of the Northern half of the province and observed numerous policy problems. It identified a lack of Northern infrastructure, challenges in the fishing and fur industries, credit dependency among Northerners, and exploitation by the HBC and other private traders. By defining these policy problems, the CCF government made it clear that it believed a discrepancy existed between the conditions in Northern Saskatchewan at the time and its opinion that the North should have a sustainable

economy with strong industries and a higher standard of living in which residents are free from exploitation by private interests. It is now apparent that this case study is an example of inside initiation, as this issue of Northern conditions arose within the CCF and then the CCF government defined the policy problems without any seeking any significant involvement of the public, either in the North or in other parts of Saskatchewan.

The CCF government set clear policy goals to address these problems. Its broader policy goal was to improve the standard of living of Northern residents. To help achieve this end, it also set some policy-specific goals. First, it sought to eliminate the monopolies held by private ownership and decrease the exploitative control of private interests in the North. Second, it attempted to strengthen the Northern economy through the development and stabilization of natural resource based industries. Third, it wanted to lower the prices that Northerners paid for goods. Fourth, it sought to increase the prices paid to trappers and fishers for their products. The CCF government hoped that by achieving these objectives, the quality of life for those inhabiting the North would improve. A central purpose of this thesis is to determine whether the CCF achieved its policy goals in the North.

Along with defining its policy objectives in Northern Saskatchewan, the Douglas government had to decide how it would best accomplish them. The CCF chose social ownership as its main policy instrument in the North. Its decision can be attributed to its ideology as a socialist party and the conditions in the region at the time. Because of the fact that when the CCF came to power no socially owned services existed in Northern Saskatchewan and owing to its belief in the benefits of socialized

services, the government determined that social ownership would be the most effective tool it could use to achieve its policy goals.

Concomitant with its decision to utilize social ownership as its main instrument in the North, the CCF government then had to choose which form of socialization, crown corporations or co-operatives, it would implement. Although the government identified numerous positive affects that co-operatives could have on socio-economic conditions in the region, it decided that co-operatives were not a realistic option for development in the North at the time. Conditions in the North were well suited to the development of crown corporations, which would produce similar positive results as co-operatives. The CCF government therefore chose to utilize public ownership as its tool of socialization in Northern Saskatchewan. Even though the government opted for state ownership at that time, it was aware of future possibilities for co-operative development in the North.

The models of instrument choice proposed by Baxter-Moore and Howlett and Ramesh best explain the CCF's choice of instruments in Northern Saskatchewan. The capacity of the CCF government was high while policy subsystem complexity was low and the government chose to use a direct provision instrument. Moreover, the government chose public enterprise, an intrusive instrument, in dealing with a group that possessed little policy or political capacity at the time. One aspect that these theorists did not address is the human capital of the group in question. In this case, it seems that the CCF government chose a more intrusive instrument in part because it perceived a lack of human capital in Northern Saskatchewan in terms of formal education and business experience. Future work in the field of policy instrument choice

should explore this human development aspect of the factors that affect how governments make policy choices.

The next challenge of the Douglas government was implementation. Within a year of the CCF taking office, it created three Northern crown corporations in the areas of fur, fish, and timber through the DNR's Northern Affairs Branch. As well, in the latter part of the 1940s, it formed two other crown companies in the North, Saskatchewan Government Trading and Government Airways. The purpose of these five publicly owned businesses was to achieve the CCF government's policy goals of improving the socio-economic position of Northerners by providing designated services to communities throughout the region.

Late in the 1940s, the CCF government revisited the idea of creating Northern co-operatives. It decided that through the Extension Services Branch of the DCCD, it would promote the co-operative business model across the North. A number of factors may have influenced this shift in policy from public to co-operative ownership. One is the political environment at the time outside of Northern Saskatchewan. John Richards and Larry Pratt explain that "highly successful business-financed publicity campaigns against socialism and the rise of Cold War hysteria"<sup>1</sup> played a part in the Saskatchewan CCF government's general shift away from some of its more staunchly socialist policies. Although this may have partly influenced the CCF's choice in Northern Saskatchewan, it does not account for all the possible factors that affected the government's policy shift. One factor other is the recommendations of the Royal Commission on the Fisheries of Saskatchewan, which encouraged future development of co-operatives in the North. Another possible reason for the shift is the defeat of Joe

Phelps, a champion of crown corporations and the CCF's first DNR Minister, in 1948. Under Phelps, the DNR had been supportive of co-operative development activities by its Northern field officers, namely of Jim Brady in Cumberland House, and after Phelps left the department this support seemed to decrease.<sup>2</sup> The CCF government may have been responding to any or all of these circumstances when it began formal co-operative development activities through the DCCD.

The co-operative development program started slowly because of the necessity of educating Northerners in the principles and practices of co-operation. However, throughout the 1950s and early 1960s, dozens of co-operatives were incorporated in Northern communities. Indeed, by 1964, when the CCF was ousted from power, there were fifty-one co-operatives operating in Northern Saskatchewan. Ten of the original Northern co-operatives are still operating today, including Co-operative Fisheries Limited.<sup>3</sup>

The thesis concludes that the CCF government did achieve its policy-specific goals in Northern Saskatchewan using social ownership as its main instrument of development. It found that Douglas's government met its policy-specific goals of stabilizing the fish and fur industries, eliminating the monopolistic and exploitative practices of private traders in the retail, fish, and fur industries, increasing prices paid to fishers and trappers for their marketing products, and decreased the cost of goods in trading stores. However, there was insufficient evidence to determine whether the CCF government also realized its more general goal of improving the standard of living in the North by achieving these policy-specific goals.

## **5.2 Future Directions for Research**

A number of notable topics arising from this study warrant further research. The influence of the CCF government's co-operative development strategy elsewhere is one possible future research area. We established in Chapter 4 that the CCF government's policies provide a unique example of early Northern co-operative development and there is a significant possibility for future work in examining instances of subsequent co-operative developers drawing from Northern Saskatchewan's experience of government led co-operative development. If we could identify how this program influenced similar initiatives undertaken elsewhere, it would be valuable in contributing to understanding the nature of co-operative development in Northern Canada.

One distinct case that should be investigated in this context is the federal government program that initiated the development of co-operatives in Northern Quebec and the Canadian Territories only a decade after the CCF government began its co-operative development activities in Northern Saskatchewan. With regard to the origins of these co-operatives, Morris Zaslow stated that "[i]n the Northwest Territories, the administration, copying Saskatchewan's programs, embarked on a series of comprehensive area economic surveys to improve the harvesting of renewable resources and organized local co-operatives to enable the inhabitants to help manage the economic development of their regions." Given Zaslow's assessment, one could study this case as an instance of policy imitation. A second and related area for future research is why the co-operatives in Northern Saskatchewan were only marginally successful, whereas those in the Eastern Arctic went on to experience widespread success.

There are also cases of government led co-op development in the third world that deserve further investigation. There are examples of governments intervening to promote the co-operative model to their rural or Aboriginal citizens and governments implementing co-operative development strategies in their colonies, such as the British Labour Party government in the mid-1940s. There is great potential for future research comparing these cases with those in Canada. There is also speculation that some of the CCF government employees involved in Northern co-operative development, like Gus McDonald and Paul Godt, went on to utilize a similar approach to co-operative development elsewhere based on their experiences in Saskatchewan and this phenomenon deserves further exploration. Future research in this area could look at, for instance, if there is something about hinterland development that lends itself to using the co-op model as a tool of government. Additional work could assess whether there are any causal relationship between the British Labour Party government's co-operative development strategy and the CCF's subsequent policies in Northern Saskatchewan.

Although it is outside the scope of this thesis to establish how the CCF's program of social ownership influenced the standard of living in Northern Saskatchewan, it is still an important aspect of the program and deserves supplementary research. There is some evidence that suggests the possibility of Northern co-operatives positively influencing some aspects of life in the North. For instance, the power co-operatives that operated in four different Northern communities provided electricity where there would otherwise have likely been no access to power for many years. The DCCD stated the existence of "[p]ower in Northern Saskatchewan has decreased fire hazards, improved health conditions and assisted in changing the standard of living."<sup>4</sup>



In addition, the housing co-operatives operating in the region provided some needed high-quality low-cost housing in rapidly growing settlements.<sup>5</sup> These services were important given the increasing numbers of Northerners who were settling in the Northern villages.<sup>6</sup> Nevertheless, given that these co-operatives assisted only a limited number of people, they possibly did not contribute significantly to the improvement of life throughout the North.

Another contribution that the CCF's activities provided to the North was an increased amount of wage-based employment. The crown corporations and especially the co-operatives introduced Northerners to wage employment on a wider scale than they had previously known and made a more diverse group of jobs available to them. Both the Fish Marketing Service and CFL operated numerous fish filleting plants in the North and one Northern study stated that for Aboriginal people, "Employment in fish-filleting plants is the steadiest of these new [employment] opportunities."<sup>7</sup> However, the significance of this wage-based employment for the Northern economy is unclear. These are just a few examples of how the co-operatives created in the North under the CCF government may have affected the quality of life there.

Some additional areas for research arise from looking at this case in a more critical manner. When the CCF came to power, the majority of Northern Saskatchewan was comprised of Aboriginal people living traditional lifestyles. The CCF government introduced foreign business structures to the people living there and contributed to changing their ways of life. The trading economy that prevailed in the Pre-CCF government era was replaced with a wage economy that was new and very different. Future work could address whether Northerners even wanted modernization, crown

corporations, or co-operatives. Moreover, researchers could look into how these policies influenced the social and cultural lives of Aboriginal Northerners in addition to the affects on their standard of living. This raises an additional question: did the CCF really improve life in the North with its policies of social ownership, or did it simply change life there. One could also explore if this change was inevitable or if the CCF interfered with and radically altered a way of life. It is clear that there is great potential for future research to assess both the positive and negative affects of these policies on Northern life.

### **5.3 Significance of the Study**

This study has importance for a number of areas of research. First and foremost, this thesis makes a modest contribution to understanding the people and politics of Northern Saskatchewan. Co-operatives are a part of our history, as they helped to shape the nature of the North in the latter half of the twentieth century. This study provides Northerners with a key to an important aspect of our past by detailing the political origins of our co-operative system. For the field of Northern Studies, this thesis also expands our understanding of government initiated Northern development, particularly in the provincial North. It is hoped that the study can serve as a case for comparative reference in other Northern regions. Finally, the thesis links the disciplines of co-operative studies and political science. It provides a case study of a government initiated co-operative development. Moreover, it shows how co-operatives can be used as policy instruments by governments and how co-operatives can be tools of alternate service delivery. Currently, there is very little literature on this subject.<sup>8</sup>

One question that remains at the end of this study is whether co-operatives will be an important part of the future of the North. Given the role of co-operatives in developing the North and the strong fit with the values and norms of Northern peoples, it is likely that co-operatives will be a defining feature of Northern Saskatchewan well into the twenty-first century.

<sup>1</sup> John Richards and Larry Pratt, *Prairie Capitalism: Power and Influence in the New West*, (Toronto: McClelland and Stewart Limited, 1979), 143.

<sup>2</sup> SAB, R-A1529-R-A1534, Transcripts of James Brady interview with A.K. Davis, 1960, 72-74.

<sup>3</sup> Saskatchewan, Department of Industry and Resources, "Co-operatives in Northern Saskatchewan," unpublished document, 28 October 2002.

<sup>4</sup> Saskatchewan, Department of Co-operation and Co-operative Development, Extension Services, *Annual Report*, 1964, 96.

<sup>5</sup> Ibid.

<sup>6</sup> Helen Buckley, J.E.M. Kew, and John B. Hawley, *The Indians and Métis of Northern Saskatchewan: A Report on Economic and Social Development*, (Saskatoon: Centre for Community Studies, 1963), 33.

<sup>7</sup> P.M. Worsley, H.L. Buckley and A.K. Davis, *Economic and Social Survey of Northern Saskatchewan*, (Saskatoon: Research Division, Center for Community Studies, 1961), 33.

<sup>8</sup> The major existing work in this area is: John Restakis and Evert A. Lindquist, *The Co-operative Alternative: Civil Society and the Future of Public Services*, (Toronto: The Institute of Public Administration of Canada, 2001).

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