GLOBALIZATION,  
SOCIAL INNOVATION, AND  
CO-OPERATIVE DEVELOPMENT:  
A COMPARATIVE ANALYSIS OF  
QUÉBEC AND SASKATCHEWAN  
FROM 1980 TO 2010

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By  
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ABSTRACT

This study examines the development gap that has emerged between the co-operative sectors of the Canadian provinces of Québec and Saskatchewan since 1980. It harnesses historical research, textual analysis, and semi-structured interviews to better understand how some movements are able to regenerate their movements in the face of crisis.

The study finds that the regeneration of the Québec movement reflects the concertation (concerted action) of social movement, sector, and state actors. Deeply rooted in a collectivist tradition of cultural nationalism and state corporatism, this democratic partnership supported the renovation and expansion of the co-operative development system in a virtuous spiral of movement agency, innovation, and regeneration. Concertation of social movement and state actors created momentum for escalating orders of joint-action, institution-building, and policy and program development.

By contrast, the degeneration of the Saskatchewan movement reflects the decline of the agrarian economy and movement and a failure to effectively coordinate the efforts of emerging social movements and the state for development action. This has yielded a vicious spiral of movement inertia, under-development, and decline. Although green shoots are in evidence, regeneration efforts in Saskatchewan lag Québec’s progress in rebuilding the foundations for effective democratic partnership.

The study concludes with a detailed comparison of these diverging movements, offering conclusions and recommendations for the repair of the Saskatchewan development system and the regeneration of its co-operative movement.
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LIST OF ACRONYMS USED

CCA: Canadian Co-operative Association
CCC: Co-operative College of Canada
CCMC: Conseil canadien de la coopération et de la mutualité
CCF: Co-operative Commonwealth Federation
CCS: Centre for Community Studies, University of Saskatchewan
CDAP: Co-operative Development Assistance Program
CDI: Co-operative Development Initiative
CDR: Coopérative de développement régional
CDSC: Co-operative Development Strategy Council
CED: Community economic development
CEDC: Community economic development corporation
CEP: Communications, Energy and Paperworkers Union of Canada
CFDC: Community Futures Development Corporation
CHFC: Co-operative Housing Federation of Canada
CIRIEC: Centre International de Recherches et d'Information sur l'Economie Publique, Sociale et Coopérative
CLC: Canadian Labour Congress
COEQ: Conseil d’orientation économique du Quebec
CSEL: Local social economy committees
CSC: Centre for the Study of Co-operatives, University of Saskatchewan
CSN: Confédération des syndicats nationaux
CQCM: Conseil québécois de la coopération et de la mutualité
CTCC: Confédération des travailleurs catholiques du Canada
CUC: Co-operative Union of Canada
CWCF: Canadian Worker Co-operative Federation
EAPB: Economic and Advisory Planning Board, Government of Saskatchewan
ETI: Economically-targeted investment
FCL: Federated Co-operatives Ltd.
FLQ: Front de libération du Québec
FTQ: Fédération des travailleurs du Québec
FCDRQ: Fédération des coopératives de développement régional du Québec
IOF: Investor-owned firm
IWW: International Workers of the World
KWS: Keynesian welfare state
LSIF: Labour sponsored investment fund
NAACP: National Association for the Advancement of Colored People
NCTS: Northern Co-operative Trading Services
NDO: Neighbourhood Development Organization
NDP: New Democratic Party
NTFCD: National Task Force on Co-operative Development
NFU: National Farmers Union
NLCC: National Labour – Co-operative Committee
NSE: New social economy
OSE: Old social economy
PQ: Parti Québécois
RISQ: Réseau d’investissement social du Québec
RRSP: Registered retirement savings plan
SAC: Saskatchewan Action Committee on the Status of Women
SCWS: Saskatchewan Co-operative Wholesaling Society
SDC: Société de développement co-opératif
SFL: Saskatchewan Federation of Labour
SFXU: Saint Francis Xavier University
SGF: Société générale de financement
SGGA: Saskatchewan Grain Growers Association
SGTA: Saskatchewan Government Trading Association
SID: Société d’investissement Desjardins
SMF: Social movement family
SOQUEM: Société québécois d’exploration minère
SOQUIA: Société québécois d’initiatives agro-alimentaire
SOQUIP: Société québécois d’initiatives pétrolières
SWP: Saskatchewan Wheat Pool
TGGA: Territorial Grain Growers Association
TGGG: Territorial Grain Growers Guide
UFC (SS): United Farmers of Canada (Saskatchewan Section)
UQAM: Université du Québec à Montréal
UQO: Université du Québec en Outaouais
WCC: Western Co-operative College
CHAPTER ONE

THEORY: BUILDING THE SOCIAL MOVEMENT APPROACH TO CO-OPERATIVE DEVELOPMENT

1.1 Introduction: Why study co-operative movements?

This chapter develops the study’s theoretical framework. It first explains why it is important to study co-operative movements by outlining their global scope, scale, and significance; their distinctively democratic structure and ethos; and their role as agents of economic and social change. In a world wracked with deeply rooted inequalities that deny the basic human needs of vast populations, there can be fewer tasks more important than the reassertion of democratic norms, culture, and institutions—particularly in economic life (International Labour Organization, 2002; Birchall, 2004). In a period of massive market failure, economic volatility, and state retrenchment, there are fewer institutional and movement models that hold out greater hope for social and ecological reconstruction than co-operation (Bibby, 2009; Birchall and Hammond Ketilson, 2009).

The discussion next turns to the study’s main focus: the role social movements play in co-operative development. This section warns against reductionist approaches such as economism and statism, arguing instead for a fuller accounting of movement agency—and the importance of democratic association and action—in unfolding development campaigns. In other words, this chapter argues for a social movement approach to co-operative development (Develtere, 1992; Fairbairn, 2001a).

The work also extends the social movement approach, building an expanded, inter-disciplinary, and multi-perspectival theoretical model. Since the development of co-operatives is at once an economic enterprise and an exercise in social mobilization, cultural articulation, and political manoeuvre, an expanded conceptual repertoire provides a richer theoretical understanding of these diverse and inter-dependent determinations.
Of course, to yield coherent explanations, a multi-perspectival approach must be more than “a mere liberal eclecticism, or merely a hotchpotch of different points of view. [Rather, it] should allow its various perspectives to inform and modify each other” (Kellner, 1995, p. 99). Indeed, developing a more comprehensive and coherent theoretical understanding is a central task of this study. The synthetic approach outlined here thus recognizes that co-operative development is situated within a field of social relationships and forces (Bourdieu, 2005); is part of a larger process of social innovation and innovation diffusion (Rogers, 1995); is a political process of movement-building (McAdam, 1982); is a cultural effort to overcome hegemonic economic understandings and forms of competitive, consumerist, and subordinated self-hood (Meek & Woodworth, 1990; Baldacchino, 1990; Greenberg, 1986; Benello, 1982); and is a practice of technical assistance delivery, through the construction of institutional intermediaries (Cornforth, Thomas, Lewis, & Spear, 1988). In this multi-level analysis, social movements struggle to mobilize co-operative development campaigns politically, culturally, and through technical assistance intermediaries.

Building on Develterre (1992), Fairbairn, Bold, Fulton, Hammond Ketilson, & Ish (1991), Staber (1992), and Cornforth et al. (1988), it is further argued that co-operative movements also embody contradictions, and that new co-operative launches must often be achieved against the inertial drag of mature co-operative dominance. While the successes of previous waves of co-operative organization often establish strong movement organizations, legitimacy, and resources for new co-operative campaigns, their established interests, perspectives, and projects can also crowd out room for under-resourced, emerging sector voices. The ‘field dominance’ of well-established co-operatives—and their preoccupation with their own operational and lobbying concerns—can set the pattern for movement dialogue, to the exclusion of the movement-building priorities of the new co-operatives. While the wider political economy sets the range of possible outcomes for co-operation, it is the capacity of movement agents (within and outside the co-operative movement) to coordinate action that decides whether emerging development needs or opportunities will be addressed adequately. Often it is other movements—farmers, nationalist, or labour movements
for example—or state actors that have the strongest incentive to drive new co-operative development, and the co-operative movement thus responds to extended social movement family pressures (or fails to respond or responds reluctantly) rather than serving as the ‘first mover’ in new campaigns.

This paradox reflects the fact that co-operative movements’ democratic and developmental commitments tend to atrophy with time (Maaniche in Crewe, 2001). Consequently, the claims of degeneration theorists and their critics are also reviewed to gain greater understanding and insight into this central democratic dilemma. This survey concludes by arguing that while degenerative tendencies may be inevitable they are not irreversible; mature co-operatives and movements can and do also regenerate. Through a process of “movement-wide renewal,” it is argued that development campaigns may be both driven by emergent social movements and supported by regenerating older co-operatives and movement structures. This form of concerted action defines what is referred to below as a “developmental movement.”

Rather than focus on the micro-level choices of individual co-operative founders or the macro-level choices of public policy makers, this theoretical framework therefore approaches new co-operative formations in terms of cyclical meso-mobilizations—the historical development, degeneration, and regeneration of the movement families within which emerging co-operatives are nested. Indeed, this thesis is principally focused on the changing propensity of movements to drive development across these three stages of the movement life-cycle. It highlights the emergence of social movements (including co-operative movements) as a vehicle for new co-operative development; the degeneration of these movements as a brake on new development; and their regeneration as a catalyst for new development campaigns. The central focus is thus on the situated and strategic social choices of social movement actors in driving (or failing to drive) co-operative movement renewal, including the development of new co-operatives.
1.1.1 Scope, scale, and significance of the co-operative movement

Today’s world co-operative movement employs over 100 million people, sustaining over twenty percent more jobs than the combined workforce of the entire multinational corporate sector (ICA, 2010a). But co-operatives do more than create jobs. Over 800 million members belong to a co-operative world-wide (Restakis, 2010). Indeed, the United Nations estimates co-operatives help secure the livelihoods of nearly three billion people, half the world’s population (ICA, 2010a). Whether measured by employment, membership, or contribution to household incomes, co-operation is significant to the global workforce and community. The International Labour Organization has thus called on governments to promote co-operative development to meet popular needs for income and decent work (ILO, 2002) and the United Nations has declared 2012 the International Year of Co-operatives (UN, 2010).

However, to effectively encourage and support co-operative development, it is first necessary to adequately understand it. This is no small conceptual task since global co-operative activity has diverse roots (Birchall, 1997), assumes many forms, and generates outcomes both complex and comprehensive. From credit and housing to retail and manufacturing, this broad-based movement of decentralized social innovation includes varied sectors of socio-economic production and service and reaches into eighty-five countries (ICA, 2010a). Organizational structures also range widely, from single membership co-operatives of producers, workers, or consumers to multi-stakeholder co-operatives. This web of democratic economic action extends the scope of social choice; disciplines markets which are uncompetitive or unresponsive to popular needs; strengthens social cohesion (ILO, 2002; Fairbairn & Russell, 2004); contributes to regional development (Mathews, 2001; Fairbairn, Bold, Fulton, Hammond Ketilson, & Ish, 1991); strengthens macro-economic performance (Mintzberg, 1996); and extends democratic participation in socio-economic development. Rodgers (2001) provides just one example of how co-operation can thus address multiple bottom lines; he argues that co-operative housing involvements can more deeply root democratic commitments against the threats of rising social exclusion, alienation, criminal activity, and authoritarianism, including the undemocratic activities of the racist far right.
Beyond the everyday contributions co-operative activity make to the public interest, co-operation also empowers purposeful democratic interventions in new socio-economic conditions (National Task Force on Co-operative Development, 1984; Hammond Ketilson, Fulton, Fairbairn, & Bold, 1992; Fairbairn, Fulton, Hammond Ketilson, Krebs, & Goldblatt, 1993). For example, the United Nations assigns the movement a special role in advancing women’s equality (United Nations, 1995; 2010); leading the global fight against poverty (Birchall, 2004); strengthening fair trade (Committee for the Promotion and Advancement of Cooperatives, 2005); and building food security (Chambo, 2009).

Co-operatives have long solved the collective action problems posed by market and state failures. However, effectively structuring and sustaining such democratic interventions is particularly important in the current period of market volatility (Birchall & Hammond Ketilson, 2009; Bibby, 2010), ecological conversion (Gertler, 2006; Anderson, 2007), the decline of the Keynesian welfare-state (Yeo, 2001), and the ongoing erosion of democratic cultures (Barber, 2001).

1.1.2 The democratic structure and ethos of the co-operative movement

While the character of co-operatives, and their regional and sectoral federations vary widely by social context and stage of development (Birchall, 1997), they share a distinctively democratic structure and a common set of defining principles. According to the International Co-operative Alliance, the apex organization of the world co-operative movement, a co-operative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” (ICA, 2010b). Over the past century and a half, the democratic structures of individual co-operatives and their federations have created unprecedented opportunities for popular learning, knowledge-sharing, and skill-building in economic life. In keeping with this historic role in popular economic empowerment, the movement’s guiding principles, as spelled out in the Statement on the Co-operative Identity (ICA, 2010b), include “voluntary and open membership,” “democratic member control,” “co-operative education, information, and training,” “co-operation among co-operatives,” and “concern for community.” Through
the democratic structures and ethos of the co-operative movement, generations of activists, workers, intellectuals, members, and managers have all contributed to an ever-expanding movement to replace economic structures that too often exploit and exclude.

Although constrained by the vagaries and vices of market competition, these member-governed associations have often expressed popular (rather than narrowly profit-focused) priorities. In the service of democratic memberships, today’s deeply rooted co-operative movements are also able to mobilize growing financial, political, organizational, and communications resources across their vast regional and sectoral networks; they are well positioned once again to lead necessary structural reforms in our political economy; and they often take leadership roles in movements for a more fair and equal world order.¹

1.1.3 Co-operation and sustainable development

The co-operative model can also involve diverse constituencies in sustainable development. Based on local member control, greenhouse co-operatives, community shared agriculture, and farmers’ markets can support more localized production systems, thus reducing long-haul transportation. Driven by members’ moral commitments and supported by social networks, wind power, recycling, car share, and organic producer co-operatives represent additional democratic instruments for sustainable market restructuring. These represent realistic and achievable alternatives in spheres of activity neglected by investor-led enterprise; they also suggest a leadership role for this mode of production in twenty-first century eco-social conversion.

Can the co-operative movement really achieve women’s equality, food security, and fair trade, end poverty, and save the planet from its unsustainable course? Not alone, not easily, and no time soon, but co-operators are nonetheless making meaningful differences on these democratic priorities. Conversely, failure to effectively coordinate co-operative development may exact high economic, social, and ecological opportunity costs.

¹ To take one example of such interventions, the apex organization of Canada’s English-speaking co-operatives, the Canadian Co-operative Association, is currently involved in campaigns to enlist 100 co-operatives to support fair trade before the end of 2011; and raise $1.5 million for the international work of its Co-operative Development Foundation to support co-operatives and credit unions in the developing world by 2012 (CCA, 2010a).
1.2 Study focus: Movements matter

This study is based on the double premise that it is important to effectively promote and support new co-operative development, as the ILO and UN emphasize; and that, to do so, it is also important that we better understand how co-operatives develop, how development obstacles can be overcome, and how more vibrant and productive movements can be fostered to drive development campaigns. In the following sections, it is therefore argued that a non-reductionist approach must place movement agency, and a developmental movement orientation, at its conceptual centre.

Employing a social movement approach (Develtere, 1992; Fairbairn, 2001a), it is argued that successful co-operative development must also be won against the tendency of maturing co-operatives, sectors, and movements to degenerate. For well-established “old co-ops” often abandon developmental movement missions in favour of limited, firm-focused business goals (Meister, 1974; 1984). A “firm consciousness” can thus easily come to displace a “movement consciousness” (Greenberg, 1986). A coherent conceptual approach to co-operative development must, therefore, not only recognize that successful “new co-op” campaigns are a function of the development, and developmentalism, of a vital and unified co-operative movement; it must also recognize the opposite: that development is equally undermined by the degeneration of that movement into a stagnant and fragmented set of enterprise and sectoral silos; and that this militates against substantive mutuality (i.e. co-operation among co-operatives). For this reason, it is argued, developing new co-operatives must be part of a larger social project to build developmental movements. In this holistic approach, a developmental movement is characterized as much by the regeneration of “old co-ops,” and old movement structures and strategies, as it is by discrete forms of support to emerging sectors of “new co-ops.” Co-operative development may benefit from supportive public policy and sound management but it necessarily depends on a concerted, “whole movement” approach to drive new campaigns.
1.3 Beyond economism and statism

Two influential ways of theorizing co-operative development involve approaching it from the perspective of the market (as do many economists) or the state (as do many political scientists); as if co-operatives spontaneously develop by virtue of market forces or public policies alone. In the discussion below, these over-determined approaches are referred to as economism and statism respectively. Economism is the idea that all social facts can be reduced to their economic dimensions and that market power is the most important feature of social life. Similarly, statism reduces social facts to policy questions best solved by government policy and action. While economic and political studies make important contributions, it is argued below that reductionist explanations cannot provide adequate understandings of the popular well-springs of co-operative development.

1.3.1 Beyond economism

Business-focused studies tend to view co-operatives as a sector of commercial enterprises engaged in market relations; but not also as a movement of aligned democratic associations geared into the networks of extended social movement families. Economism thus fails to account for the distinctive character of democratic economic action. At best, it tells only half the story; plunging co-operation’s social development into darkness.

Economism thus proposes formulaic approaches that treat co-operatives as self-contained enterprises operating in markets alone; as firms which have neither a democratic structure nor social objectives. This is, from a realist standpoint, a “chaotic conception.” As Sayer (1984) explains, “a rational abstraction is one which isolates a significant element of the world which has some unity and autonomous force, such as a structure. A bad abstraction arbitrarily divides the indivisible and / or lumps together the unrelated and the inessential, thereby ‘carving up’ the object of study with little or no regard for its structure and form” (p. 138). Economism carves up the essential dual structure of a co-operative as if effective co-operative development depends on market viability, but not the associative viability of the emerging coalition of social actors that structure and govern the firm. Following Granovetter’s (1992) argument that all economic practices are ultimately forms of social action, this study frames co-operative development as doubly embedded
in market and social relations. This is a rational abstraction; it recognizes that the development of co-operatives also hinges on associational work: the social development of democratic associations, co-operative movements, and inter-movement ties.

1.3.2 Beyond statism
Similarly, much co-operative development literature focuses on the role of supportive public policy such as dedicated government branches to liaise with the movement; promotions, research, and education programs; favourable taxation and legislation; and equal treatment for state subsidies (UN, 2001). This study focuses on the developmental role of social movements as well as the state, thus bringing the role of civil society and its “social economy” (Quarter, 1992; Shragge, 1993; Shragge & Fontan, 2000) into clearer focus. This approach views the state as an important but embedded institution, the policy choices of which are shaped by the mobilization of other economic and social actors. These actors include the co-operative movement and its extended social movement families. While co-operative action is powerfully conditioned by market and state structures, it is also capable, in turn, of reshaping those markets and influencing state action.

In this dialectical conception, social movements create openings for state action, place pressures on the state, and create positive conditions for state-sector partnership; they also play an independent role in creating positive socio-cultural conditions for co-operative development, and driving activist participation in emerging co-operatives. In contrast to economistic and statist views, a social movement approach recognizes that extended social movement families (including but not limited to the co-operative movement) often respond to popular needs and aspirations when the market and state fail to do so, emerging as the primary movers in co-operative organizing campaigns.

1.3.3 Recentring movement agency and coalition-building
Theorizing a central role for movement action in development campaigns corrects for the anti-democratic tendency of positivist approaches to obscure the role of popular power in co-operation. Movement agency readily disappears under prevailing
preoccupations with market forces and state power—often reified as all-determining, natural, or inevitable states of affairs. Beyond painting a false picture of social reality, these approaches thus have a self-fulfilling effect, disempowering movement actors.

Culturalism provides another example, particularly common in English-language treatments of Québec. In this approach, culture may be accorded a phantasmic role in abstraction from the historical, economic, and political factors through which that culture evolves. To simply write off complex processes of development to “cultural nationalism,” for example, is to subscribe to an “over-socialized conception” (Wrong, 1961) of the agent as a “disembodied, conscience-driven, status-seeking phantom” (p. 193). From a realist perspective, cultural practices and meanings need to be situated within a broader ensemble of social relations rather than abstracted from them and reified as the determining features of social life. Like economism or statism, this form of theoretical monism also renders ahistorical and reductionist explanations.

Statism, economism, culturalism, and other reductionist approaches thus discount the efficacy of the very popular actions that are, in the first instance, required to drive co-operative development. Democratic agency disappears in the fog of faulty abstraction and determinist conceptions; it is replaced by a misguided faith in the technocratic expertise of co-operative managers, state bureaucrats, or the distinctiveness of a reified culture—all of which distract from, and discredit, the role of human agency in processes of collective action and social innovation.

From a social movement perspective, vital co-operative movements and their extended social movement ties influence the range of development possibility in a particular historic moment. This study explores the practical adequacy of this approach by investigating the role of social movements as co-operative development actors. In part, this involves a break with economism’s methodological individualism; it rejects the atomistic and exceptionalist notion that individual co-operatives emerge through the utility-maximizing behaviour of their proponents alone rather than as expressions of wider networks of influence and aspiration. As Fairbairn (2001a) suggests, institutional
histories of individual co-operatives often contribute to partial and misleading accounts of co-operative development; yielding to an instrumental impulse that treats co-operatives as “rational, self-contained, clearly-bounded organizations,” and reproduces uncritically their “creation myths” and “narratives of growth.” This simply reinforces economistic conceptions of co-operatives as stand-alone enterprises. By contrast, he argues:

Co-operatives form, and to some extent continue to exist, within networks of multi-polar interaction, as constellations and coalitions of various groups and interests. It may be more complete to view them, especially in their formative stages, as parts of a web of social ideas and organizations, rather than as isolated and self-contained structures. (pp. 25-27)

Unlike the economistic conception, through which co-operatives emerge as isolated rational choice transactions, a relational approach suggests instead that new co-operatives are the constructions of often complex “development coalitions,” connecting to diverse social movements, networks, and interests (Carroll and Ratner, 1994; 1996; Carroll, 1997). Before the business-building stage, development is thus first a practice of coalition-building; drawing together workers, end-users, host community members (from community economic development organizations, church groups, trade unions, or co-operatives and credit unions), or political allies.

1.3.4 Reflexive movement self-regulation and coalition re-building
Capturing new opportunities and responding to new needs in changing conditions implies the obvious need to recruit a new generation of proponents and organizers; less obviously, it also suggests the continual adaptation and reinvention of founding development coalitions. Coalition-building is a key and complex task that often involves matching diverse interests; fund-raising; establishing, refashioning, or renewing movement ties; articulating or rearticulating cultural meanings and attachments; and creating new models or entering new sectors of opportunity.
Rather than placing our faith in the semi-automatic, “invisible hand” of the market to allocate investment profitably, the dynamics of co-operative development thus require that we look instead to what George Keen called the “associative intelligence” (cited in MacPherson, 1973, p. 28) of popular movements. For it is active, democratic, and strategic social intervention in economic life that drives reflexive movement modernization, including the periodic re-pooling and re-tasking of mutualist capital. This requires the organizing know-how to work across movement networks and build new development coalitions (Carroll & Ratner, 1994; 1996; Carroll, 1997). From the buoyant tide of new co-operatives to the support of resource-rich old co-ops to the joint-creation of new development mechanisms, movement-driven social innovation thus conditions new development prospects.

1.3.5 The developmental movement: Mutuality in action

Like the developmental and competitive models adopted by different states (Mackintosh, 1993), co-operative movement organizations (CMO) also adopt varied approaches to development. Since these differences are of significant consequence for support to new co-operatives, this section contrasts these orientations.

Developmental sector-movements embrace actively interventionist models of support, leading planned campaigns to drive new co-operative formation. In the developmental approach, CMOs invest significant time, resources, and energy in unifying diverse sectors, and stimulating, coordinating, and supporting an expanding movement. Developing new co-operatives is a priority but movement entrepreneurship is also committed to building an integrated community of mutually supportive organizations. A developmental approach is most likely to emerge among younger, emerging sectors with a less entrenched managerial class and more active, idealistic members with first hand development needs and organizing experience.

By contrast, competitive sector-movements embrace a laissez-faire model, letting the market decide whether and how co-operative proponents emerge, and allowing new co-operatives to “sink or swim” on their own merits. In this hands-off approach,
competitive CMOs confine their role to that of a trade association and political lobby for established sector interests; do not take an active entrepreneurial role in fostering new co-operative development; and do not act to restrain the dissolution of movement ties, cohesion, and co-operative identity in the face of sector fragmentation and market-driven pragmatism. This competitive movement frame is more likely to express the ethos of movements dominated by more mature sectors, with more passive memberships, and more deeply entrenched managerial leadership—focused on the technical goals of efficiency, growth, and cost-containment.

From this perspective, the likelihood that a movement will adopt a developmental orientation largely depends on its historical evolution, including the degree of mature sector dominance over the co-operative field, on the one hand, and the success of democratic movement currents in sustaining a developmental culture, on the other. In other words, developmentalism is inversely related to the rise of managerialism and directly related to democratic vitality.

Moreover, this is a dialectical relationship: movement degeneration will tend to undermine development action and a reduction in new co-operative development will reinforce movement decline in a vicious cycle; as development networks are demobilized, formation rates decline, the sector contracts, dues are lost to the CMO, and the resources, networks, skills, know-how, and organizing confidence to effectively regenerate erode. Conversely, of course, development action will contribute to movement regeneration processes and regeneration will further strengthen new co-operative development in a virtuous spiral; as movement resources are mobilized, formation rates increase, the sector expands, dues are gained, and development resources, networks, skills, know-how, and ambition are strengthened.

Rather than taking the present state of co-operative movements for granted as natural, functional, or inevitable, we may more fruitfully thus treat them as products of social choice, often the outcome of a struggle between competing interests and conceptions. However, as argued below, it is important to resist the essentialist and moralizing
reflex to simply blame established or emerging sector leadership for movement
degeneration. For degeneration is a “coordination failure” rather than a failure of
character or ethical standing; likewise regeneration is a social project that requires
inclusive, movement-wide involvement, education, and action to arrive at a mutually
advantageous new “place to meet.” While a certain amount of self-seeking, shirking,
prejudice, and free-riding behaviour is to be found in any group, degeneration is a
structural problem and collective challenge rather than a moral failure. Indeed, historic
inter-sectoral rivalries or social antipathies within movement circles—toward workers
(or managers), youth (or boomers), women (or men), urbanites (or farmers), to cite
only a few possible faultlines—represent non-antagonistic contradictions that pose
important cultural barriers to good faith discussion, negotiation, and the achievement
of the synergistic relations on which a developmental movement is premised.
Overcoming these internal divisions must therefore be a central focus in rebuilding
inter-co-operation and viable development coalitions. Effective mutuality must be
firmly grounded in a democratic foundation of mutual respect and recognition of the
primacy of shared co-operative values and common movement interests. Scapegoating,
rivalry, and hegemonistic division will not advance that agenda.

1.4 The social movement approach and movement life-cycles
The social movement approach to co-operative development thus rests on a theoretical
understanding that there is a structural contradiction between developmental
movement aims and the tendency of a maturing movement to degenerate. The life-
cycles of co-operative movements are therefore best understood in terms of their
development challenges, degeneration crises, and regeneration options. Since co-
operative development ebbs and flows with the rhythms of these social movement life-
cycles, these processes are briefly outlined below. Before turning to the arguments of
degeneration theorists and their critics, the social movement approach to co-operative
development (Develtere, 1992) is first further discussed and extended.

The social movement approach suggests that associational life is not only central to the
effective functioning of co-operatives’ member control structures, sustained member
loyalty, or broader social movement solidarity. Vital co-operative associations and movement cultures play a crucial role in driving new development campaigns. Indeed, the illusion that co-operatives can be socially engineered “from above” by state policy or “from outside” by development agencies is, according to Develtere (1992), the key to the failure of patron-led co-operative development efforts in the developing world. Rather than adopting a “blueprint approach” which sets the institutional framework for the development of a co-operative sector but not a movement, he argues for a social movement approach (pp. 2-3). In his scheme, the identity of a social movement emerges from the interaction of its organization, praxis, and ideology, each of which has its own adherents within the evolving field of co-operative development.

The ‘ideologists’ push for purity and object to ‘deviances’ which occur both in the praxis and the organization components. The ‘activists’ push for action and radical involvement of, and response to, the expressed views and needs of the members. The ‘managers’ push for realism and adjustment of the movement to the so-called objective conditions of the environment. The group that is responsible for the reconciliation of the three forces is that of the ‘social movement entrepreneurs’. (p. 22)

With this formulation, Develtere defines co-operative movements as “social movements which use some form of economic co-operation (organization) to the benefit of, and with the involvement of, the social group concerned (praxis) in order to defend the interests of the group which are considered endangered if the members would not react co-operatively (ideology)” (p. 27). The success of a co-operative movement depends largely, in his conception, on the internal balance of these forces; their interaction shapes movement identity, including its development orientation.

Sector diversity may also lead to intra-movement conflict. For example, a well-established, male-dominated, and farmer-led co-operative movement may not share the interests or ideological orientations of struggling, urban-based, parent-led childcare co-operatives. Part of the challenge of co-operative development is thus reconciling the need to build strong, internally cohesive sector-movements which may have distinct interests, values, and understandings while also finding common ground within a broader co-
operative movement coalition. This sense of common cause and commitment also conditions the prospects for substantive mutuality and a developmental movement.

Develtere argues “co-operatives cannot be analyzed as distinct social movements,” suggesting “it is this relationship with other social movements which to a great extent accounts for the diversity and scale of co-operative activity” (p. 28). Indeed, extended social movement families represent important resources for co-operative development, both as informal channels of co-operative innovation diffusion and member recruitment. Consider the population of child care boards by women’s movement activists or the affinity between the values and objectives of worker co-operators and the labour movement. A more formal example of inter-movement synergy is the housing co-operative campaign jointly undertaken by the Canadian co-operative and labour movements in the seventies (Goldblatt, 2000). This case illustrates how overlapping social missions and pooling of movement resources met working families’ needs for adequate, affordable housing. By furnishing their activists, supporters, and members, social movement ties also condition the prospects for a developmental movement.

A social movement approach thus suggests co-operative formations depend on democratic achievements. For example, co-operative governance can empower members to build democratic skills, knowledge, confidence, and escalating capacities for movement activity and community development. Effectively cultivated and supported, democratic participation continuously pools human and social capital (Coleman, 1988) for movement renewal. In this conception, social movements are the prime movers of co-operative innovation because co-operative development is a social process of adult learning, communication, and democratic development as well as a process of business building. As agencies of socialization, movements help connect and cultivate activist co-operators; and without committed agency, of course, there can be no collective action.

Develtere (1996) argues that evolving co-operative movements are not simply a collection of profit-maximizing businesses; their democratic, member-driven enterprises also reflect community needs and social purposes; and are embedded in a shifting field of
economic and political relations. Their development paths may thus reflect the interests of patrons, aligned movements, and the wider balance of social forces. Driven and defined by the associative activity of this wider social movement family, the co-operative field is thus shaped by democratic strivings as well as market forces or state policies.

Granovetter (1992) argues all economic activity is a mobilization of social relations. After all, markets are deeply embedded in social structures such as trust relations, business conventions, public policies, infrastructure, and legislation. But nowhere is the embeddedness of economic activity in social relations more pronounced than the case of co-operatives. For a co-operative fundamentally embodies a democratic logic of member control and expresses a social purpose that transcends, or at least rivals, strictly profit-maximizing behaviour. As Develtere (1996) emphasizes, it is both a member-based expression of a social movement and a business organization embedded in a competitive market. Theory must account for this deep embeddedness.

1.4.1 Extending the social movement approach: Co-operative development as field-dependent

Drawing on Bourdieu (2005), this study shows how mature, highly structured, and differentiated co-operative fields have developed in Saskatchewan and Québec. Within these fields, waves of established and emerging co-operatives have struggled to define their movements’ identity and direction: through episodes of inter-co-operative support and rivalry; periods of expansion, program development, and institution-building; and intervals of setback, stagnation, and retrenchment.

Bourdieu’s field theory helps answer the question of how the “field effects” of dominant co-operatives, emerging sector insurgencies, engaged states, or aligned social movements shape the historical context, character, and trajectory of co-operation. This approach illustrates how the Saskatchewan and Québec movements evolved as the balance of power within, and over, the co-operative field shifted. Drawing on Fairbairn’s (2005) “five waves” periodization for Saskatchewan and Lévesque’s (1990) “three waves” periodization for Québec, development waves are viewed as transforming the field;
bringing into being new field structures and forms of field dependence. For example, in the movements’ founding periods, the dominance of the caisses populaires in Québec and producer pools in Saskatchewan powerfully structured those fields. Similarly, the dependence of the early caisses on church patronage, and the early wheat pools on organized agrarian agitation, defined the relative autonomy of those fields.

Indeed, co-operative sector-movements do not operate in self-enclosed, autonomous fields. Their development is historically dependent on other, overlapping social movements. Often, parent movements help give rise to emerging fields of co-operative activity, with the farm movement driving the campaign for wheat pooling in Saskatchewan (Brown, 1973; Knutilla, 1994) and the parish network providing the mobilizing channels for Québec’s caisses populaires (Poulin, 2000; Fairbairn, 2000; Lévesque, 2008). These parent movements provided a basis for member adhesion, farmer-based in Saskatchewan and clerico-nationalist in Québec. Similarly, the rise, fall and succession of parent movements—as well as their engagement, disengagement and re-engagement—thus shape the ongoing prospects for co-operative action.

Fields also evolve in ways that reflect market and state power. As Hoyt (2004) argues, public policies range from destructive efforts to suppress co-operative development to neutral, supportive, participating, and controlling policies (pp. 306 - 308). Selective support to particular sectors or regions may further skew incentives and the structure of the co-operative field. Similarly, macro-economic policies such as market deregulation can impact co-operative sectors differently, generating complex field effects.

Like the state, and often in concert with the state, investor lobbies may also adopt varied approaches to co-operation: viewing the sector as a rival to be quashed; as another set of businesses to be neither feared nor favoured; as a positive contribution to economic growth to be encouraged; or as a potential partner to be co-opted within an investor-led bloc. The historic dependence of the co-operative field on these evolving political and economic fields also largely defines the context, and prospects, for co-operative development.
1.4.2. Extending the social movement approach: Co-operative development as social innovation

Waves of co-operative development can also be understood as processes of social innovation; as a series of popular responses to structural crises and emerging needs and ideas in the wider political economy. Although diffusion of innovations theory (Rogers, 1995) has traditionally focused on individuals’ adoption of technological innovations, the more sociological framework of a social movement approach can also help answer the question of how co-operative innovations are mobilized across movement networks. In this comparative case study, diffusion theory illustrates how mobilizing networks channel innovations and provide leverage for escalating orders of institutional and policy reform. In particular, it highlights the importance of “prior innovation adoption decisions” (such as creating technical assistance networks or financing pools) to the creation of new development horizons (being able to deliver frontline advice or financing). Diffusion of innovations theory is thus used to contextualize co-operative development in a long-range, historical process of ongoing and cumulative social innovation (Andrew & Klein, 2010; Beaulieu, 2009). A social innovation focus extends the social movement approach by sensitizing us to key choice-points and practical, institutional, and policy options for developmental movements.

1.4.3 Extending the social movement approach: Co-operative development as political process

This study also builds on the political process model (McAdam, 1982) of social movements to extend Develtere’s approach yet further. McAdam’s study of the U.S. civil rights movement found that African-Americans realized new political opportunities and a heightened sense of political efficacy through black colleges, churches, and the National Association for the Advancement of Colored Peoples (NAACP) (p. 230). Through this mobilizing network, activists gained knowledge, skills, and relationships for effective movement participation. Of course, the movement was also shaped by the macro-economic and macro-political contexts and spanned a multitude of micro-political action-
contexts. However, McAdam demonstrates how these intermediary institutions informed, shaped, and tied together isolated local pockets of insurgency. Through the deliberate creation of institutional resources, communication channel supports, and policy leverage, the struggle to build the civil rights movement is therefore understood as a political process. It was this meso-mobilization that unified and coordinated a mass base capable of transforming a nation. The political process model, in short, emphasizes the importance of meso-level agency and organization in driving social movements. It, therefore, also suggests a leading role for intermediary institutions and network mobilization in structuring co-operative movement campaigns.

For McAdam (1982), successful social mobilization depends on the group’s level of organization, its assessment of the prospects for success, and the political alignment of groups in the larger environment (p. 40). Also crucial is the group’s conversion potential, i.e. their ability to “‘convert’ a favourable ‘structure of opportunities’ into an organized campaign of social protest” (p. 44). This depends, in turn, on the emergence of a movement consciousness. This involves what Piven and Cloward call three necessary cognitions: “a conviction that the situation is unjust; an assertion of the need for change; and a striving to make that change” (cited in McAdam, 1982, pp. 49-50).

Following McAdam, a social movement approach suggests co-operative development is a function of social movements engaged in a political process; and that this process is also key to understanding co-operation’s history and future prospects. Adapting McAdam’s model, a co-operative movement would require vibrant associations to drive the enterprises’ launch and democratic governance; it may thus also require educational-cultural assistance to build their capacity for effective democratic association and action. The necessary cognitions or movement ideology include convictions that a co-operative enterprise would better meet the needs of the constituent population; that the benefit is worth working for and / or financially supporting; and that the enterprise, once launched, deserves their loyal support. Realizing co-operative development, as surely as civil rights insurgency, thus depends on effective network mobilization.
While McAdam does not address the case of the co-operative movement, Fairbairn (1994) clearly locates its roots in a political process.

It is… reasonable to say that the forces of poverty and need inspired the formation of the Rochdale co-operative. But they did so somewhat indirectly, mediated by the agency of idealism and critical social thought, and by the activists of Owenism, Chartism, and other social movements. The Rochdale Pioneers did not rise spontaneously from need, but were organized consciously by thinkers, activists, and leaders who functioned within a network of ideas and institutions. The same can probably be said of all successful co-operatives in all times and places: they arise from need—when some activists, institutions or agencies consciously promote and organize them. (p.4)

The political process model treats the rise of social movements as neither automatic nor inevitable. Instead, agency and contingency loom large. For this reason, Hammond Ketilson et al. (1992) argue the co-operative option must be championed by meso-institutional actors able to link and mobilize the grassroots base and effectively pool resources to carry the program. Indeed, they argue no co-operative movement in the Canadian context has ever emerged without such mobilizing networks.

Experience has … shown that most communities cannot entirely ‘pull themselves up by their bootstraps.’ As the history of co-operatives has shown, every major co-operative movement in Canada today was sponsored originally by some larger social movement and received educational and organizational assistance from established agencies that had staff and resources. This was true of the Antigonish Movement, the caisses populaires, and the farmer co-operatives in western Canada. Canadian history does not support the idea that bands of individuals just come together to form co-operatives. (p. 4)

1.4.4 Extending the social movement approach: Co-operative development as cultural construction

Building on the notion of necessary cognitions in the development process, this study also draws from cultural hegemony theory. This further deepens the analysis because co-operation is also a cultural practice of enlisting members into meaningful forms of democratic participation, often against ideological and cultural resistance. Co-operative
ideas meet resistance from the entrenched hegemony of the investor-owned firm model, the competitive individualism of market-led cultures, and the lack of business confidence cultivated among popular classes and marginalized groups most in need of co-operative options. Effective co-operative diffusion thus requires the development of unifying and empowering discourses; it demands educational, cultural, and political support as well as merely technical or financial aid (Meek & Woodworth, 1990; Baldacchino, 1990; Greenberg, 1986; Benello, 1982).

Hegemony theory helps answer the question of how actors make sense of their situation, enter into particular movement formations, and thus vie for cultural power and authority. It is thus used to outline the ways in which co-operative movements communicate, educate, and engage in articulation strategies and cultural politics to effect successful social mobilizations for economic power. This approach helps shape the treatments of the historically parallel but deeply distinct movements in Québec and Saskatchewan and sheds important light on their inner life and cultural evolution. For example, Gramscian cultural studies enables us to better address the cultural embeddedness of early co-operative movements: in the prairies, it situates the campaign for wheat pooling in agrarian settler hegemony and the emergence of farmer-led left populism; in Québec, it highlights clerical hegemony and defensive nationalism in the early strivings of the 

*Mouvement Desjardins*. Hegemony analysis thus highlights the important role of social subjectivity in expanding the cultural frontiers of co-operative enterprise. It helps account for the shifting roles of religion, political ideology, education, and journalism in the evolving cultures, movement subcultures, and social psychologies of the day.

1.4.5 **Extending the social movement approach: Co-operative development as practical problem-solving**

Technical assistance mobilization also plays an important role in the effective development of co-operatives. While adult education has been assigned an important, even leading, role in the successful development of co-operatives (Hammond Ketilson et al., 1992; Stefanson, 2002), this is particularly true for emergent sectors such as worker co-operatives (Cornforth & Thomas, 1990; Adams & Hansen, 1992; Quarter, 1989;
Recognizing the dual structure of co-operatives as both movement-based, democratic associations and market-based, commercial enterprises, Cornforth et al. (1990) argue that the Co-operative Development Agency (CDA) network played a decisive role in the new wave worker co-operative boom that swept the U.K. in the 1980s, swelling that sector from about 35 co-operatives in the early seventies to over 1000 by 1985 (Cornforth et al., 1988, p. 1). Through movement-building activities and delivering effective technical assistance to emerging co-operatives and sectors, they conclude the CDA network was “probably the most important development in the continuing development of the U.K. worker co-operative sector” (p. 19). Along with France’s *boutiques de gestion*, it also inspired the re-invention of this innovation in Québec in the 1980s (Tremblay, 1985).

Like the institutional intermediaries which linked pockets of insurgency together into a sustained civil rights movement in McAdam’s conception, Cornforth et al. (1988) suggest co-operative campaigns also require intermediaries to bridge the centralization of apex resources and the dispersion of local initiatives. These bridging institutions can facilitate the necessary political, cultural, and entrepreneurial mobilizations of a co-operative development campaign. This study’s theoretical synthesis therefore proposes that co-operative innovation is dependent on political processes (McAdam, 1982), generally associated with social movements, and technical supports (Cornforth et al., 1988), more closely associated with business development. Certainly, there are substantial differences between the models advanced by McAdam and Cornforth et al.. Their studies were conducted in separate fields of disciplinary specialization; treat distinct historical periods in different national contexts; and the co-operative case clearly diverges from the general case of social movements, focused on political protest rather than economic action. Nonetheless, the emphasis Cornforth et al. place on CSO leverage aligns well with the role of meso-institutions in McAdam’s political process model. This conceptual overlap provides for constructive theoretical extension of Develtere’s conception.

Much as the American network of black colleges, churches, and NAACP chapters scaled up the civil rights mobilization, Cornforth et al. (1988) suggest the British CSO network
drove mobilizations for worker co-operation. However, like the mobilizing network that forged the American civil rights movement from 1955 to 1968, the British CSO network of the early 1980s was also embedded in a wider ensemble of social movement relations and alliances. Like Develtere (1992), Cornforth and Thomas (1990) conclude that an institutional perspective on co-operative development thus needs to be embedded in a social movement approach to be sensitive to contextual and cultural factors:

We need to go beyond concentration on individual co-operatives and the individual mechanisms for support and to look more closely at cultural and ideological factors in particular movements. This is one route to explaining why some support structures work well at regenerating co-operative ideals while others with similar structures can be more or less stultifying. Hence it is important to look at the processes at play within co-operative movements as well as at individual co-operatives and their requirements. (p. 459)

Clearly, the dual structure of co-operation— as a business sector and a movement of democratic associations— has implications for how we conceive of co-operative development. It logically follows that developing co-operatives, unlike investor-owned businesses, requires a movement (and social movement organizations) to animate, educate, and organize co-operative proponents and members into vital democratic associations. At the same time, they require a technical assistance infrastructure (or business development organizations) to help build strong businesses that can succeed in market competition. Rather than treat co-operatives as economic units operating in a self-enclosed, functional economic system, and development as a series of isolated, utility-maximizing “transactions” of atomized joiners, this perspective places development in a larger socio-historical context populated by evolving and inter-dependent institutions, networks, ideologies, and movements. Co-operatives thus emerge in a field of relationships that either help, or fail to help, define and develop them.

Following on Rogers (1995), innovation-adoption decisions take place in an historical context of institutionally structured choices. In other words, the founding members’ decision is a contingent decision: it is shaped by prior innovation-adoption decisions by social movements and other players. For example, the co-operative movement and state
may decide to develop intermediary organizations, financing pools, or tax incentives to support co-operative innovation. Co-operative firm formation is therefore both part of a broader, historical process of social innovation (i.e. developing the field or climate for co-operative development) and a discrete business decision by one particular set of founding members of one particular co-operative in one time and place. Long-range strategic movement decisions necessarily define the range of tactical options available to prospective new co-operative sponsors in the short-term. By raising the innovation’s profile, minimizing risk, and introducing incentives for adopters of the co-operative model, prior innovation decisions can inform, motivate, protect, and persuade. While the transactional approach thus discounts the historic role of movements in conditioning future innovation-adoption decisions, the relational (or developmental) approach places a premium on this aspect; this is the conceptual basis for active development strategies.

**1.4.6 Pulling together the threads: Illustrating the model**

The conversion of many of Québec’s investor-owned ambulance firms to union-led worker ownership provides one illustration of the multi-perspektival approach summarized above. Without the mobilizing leverage of the *Confédération des syndicats nationaux* (CSN) (Confederation of National Labour Unions), which was open to the co-operative model and to collaborating with the co-operative movement (and vice versa), it is very doubtful that individual groups of emergency medical services (EMS) workers would have been able or willing to decide to adopt this innovation strategy in 1988. Moreover, the CSN itself did not even come into existence until 1960, an expression of that broad-based social movement known as the Quiet Revolution. By establishing a credit union in 1971, the CSN built its financial know-how and capacity to subsequently launch an in-house technical assistance unit for worker co-operatives in 1987 and a labour-sponsored investment fund in 1996. Over three and a half decades, the trade union thus put in place important mechanisms for innovation adoption by the EMS workers.

Also crucial to the ambulance service conversions was a parallel chain of policy innovations within the state apparatus. These included forming a co-operatives branch in 1963; introducing co-operative development subsidies in 1976; creating a system of
development groups and a crown corporation to finance co-operatives in 1979; creating an Act enabling the formation of worker shareholder co-operatives in 1983; and creating a network of regional development co-operatives and an enabling policy framework, including tax incentives for worker buy-outs, in 1985.

These parallel and inter-dependent innovation chains transformed the climate for co-operative conversion, overcoming barriers to subsequent innovation adoption. They transformed the structure and autonomy of the co-operative field. Coordinating these disparate elements into a coherent development system rested on a mobilizing network which aligned the CSN, the CCQ (later the CQCM) and the state. A series of conferences and summits helped integrate popular sector and state efforts.

The ambulance buy-outs are therefore cases of “contingent innovation decision making,” “choices to adopt or reject that can be made only after a prior innovation-decision” (Rogers, 1995, p. 30). In particular, the conversions depended on the CSN’s technical assistance unit and solidarity finance fund. The CSN’s move to establish these development mechanisms, in turn, was conditioned by two prior innovation decisions. The first was its involvement in the founding of its caisse d’économie, which later provided financing to emerging co-operatives and built the CSN leadership’s confidence in increased economic development involvements. A 1983 move by its rival, the Québec Federation of Labour (QFL), to launch the Solidarity Fund, further reinforced commitments to social finance innovation.

The ambulance sector campaign also built on broader state and co-operative sector innovations. Specifically, it hinged on the regional development co-operative network’s launch and other policy reforms pushed forward by the provincial apex organization, now the Conseil québécois de la co-opération et de la mutualité (CQCM). These impressive social innovations effectively defined the viability and even possibility of co-operative conversion in the ambulance sector. With this concerted, multi-party mobilization, a substantial share of Québec EMS services are now delivered by worker co-operatives.
The ambulance campaign illustrates that democratic movement and technical assistance mobilizations are equally necessary development tasks. They provide the well-springs of social innovation but neither the market nor the state can be relied on to deliver these mobilizations; it falls to organized movement campaigns to secure them. The prospects for new co-operative development thus rest on the strength, vitality, and reflexivity of a developmental parent movement, or movements.

Of course, the conceptual focus of the social movement approach on mobilizing networks and movement cultures as the *forces motrice* of co-operative development also implies its opposite: a need to understand the nature and significance of degenerative pressures that frustrate movement aims, and drive the entropic decline of movement organizing skill, know-how, relationships, and developmental commitments. The section below therefore borrows from, and extends the work of, theorists of democratic movement degeneration (Webb & Webb, 1914, 1921; Michels, 1949; Weber, 1958) and their critics (McAdam, 1982; Meister, 1984; Cornforth, et al., 1988; Cornforth, 1995; Maaniche in Crewe, 2001).

### 1.5 De-mobilizing co-operative development: Theories of movement degeneration

Co-operative development efforts are often deeply embedded in the democratic social action of organized religious, nationalist, farm, or labour movements (Develtere, 1992). However, as co-operatives become self-sustaining, market-focused, and professionally managed, they may drift away from these democratic currents. Movement values and goals, like the development of new co-operatives, may erode. Just as mobilizing networks once drove development, their demobilization can thus stall it.

This failure to found new co-operatives does not simply affect the proponents and beneficiaries of those emerging enterprises; it has negative consequences for the movement as a whole. For new co-operatives also help build movement scope and strengths as older co-operatives fail or contract. They pay dues, which sustain important movement functions. They bring new entrepreneurial energy and ideas, demographic diversity, and associational vitality to democratic movement structures and new
customers and members to the co-operative cause. In a context of continual demographic, economic, and social change, this renewal helps co-operation remain relevant to contemporary constituencies and needs. The movement’s development thus depends as surely on successfully developing new co-operatives as the fate of new co-operatives depends on movement-building. Against the drag of traditional values and managerial ideology in mature sectors, new co-operative sectors can thus drive necessary movement revitalization and act as an important check against oligarchization, stagnation, and movement decline.

Conversely, failure to develop new co-operatives may be understood as an index of movement degeneration. As Maaniche’s generation and a half theory argues, co-operative movements tend to degenerate as the energy, ideology, and influence of founding members dissipate over time.² As institutional memory and movement know-how erodes, so does our understanding of how new co-operatives develop. MacPherson thus suggests arrested co-operative development reflects a “loss of organizing skills.” Without educational interventions, our “understanding of how co-operative entrepreneurship, building on context and networks, worked in the past” simply decays (1987, p. 10). As we forget how fundamentally things have changed, the benchmark for “normal” in co-operative development may also shift. Diamond (2005) refers to this perceptual trap as “landscape amnesia.” Forgetting how development campaigns were actually organized by previous generations of activist co-operators, we are left with a “common-sense” notion that co-operatives develop more or less spontaneously.

The decline of movement memory, founding principles, and associational vitality in established co-operatives is also often matched by the rise of market pressures, growing management power, and the dominance of business objectives. As institutions mature, social objectives and the democratic movement ethos may thus be subordinated to market

² Maaniche’s theory underpinned significant innovations in co-operative adult education in Saskatchewan in the forties and fifties. The theory predicts the life cycle of a co-operative will be limited to only a generation and a half without educational interventions to revitalize the founding principles and energy of the co-operative (cited in Crewe, 2001, p.12). Like corporate boards, movements too need succession planning.
pragmatism and managerial hegemony. Indeed, as management is forced to fill the governance vacuum left by retreating activist members, sustaining movement values and development momentum can become increasingly difficult.

The tendency of movement parents, established co-operative sectors, and movement apex organizations (which established co-operatives generally dominate) to neglect development and desert new co-operatives has been a frequent complaint of orphaned emerging co-operatives and sectors. Under the influence of corporate-style managers and passive custodial boards, movement priorities and identity can gradually drift from the developmental ambitions of movement founders toward the more managerial approach of the co-operative establishment.

Theorists have spilled considerable ink to explain the paradox of these organizations: founded by vital democratic movements but undermined by a trend toward declining democratic involvements. In the sections below, this dilemma is considered in terms of theories of organizational and movement degeneration. For just as dominant firms can “define the regularities and sometimes the rules of the game” (Bourdieu, 2005, p. 194) in a given field, the degeneration of a powerful bloc of mature co-operatives can reshape movement culture and drive degenerative effects across the wider co-operative movement field.

1.5.1 Theories of organizational degeneration

There is a long tradition of anti-democratic pessimism in the social sciences. According to Michels’ (1915) “iron law of oligarchy,” all democratic organizations are prone to elite capture over time; as organizations become increasingly large and complex, power is delegated to a specialist leadership. This managerial oligarchy tends to have greater political skill, access to information and communication channels, and control over rewards and sanctions. While formally democratic procedures may remain, this self-perpetuating leadership defends its own interests and consolidates its leadership. Democratic participation and values inevitably wane.
Weber (1958) proposes a similar tendency to rationalize bureaucratic rather than
democratic norms in large scale organizations. Calculation, technical efficiency, and
goal-orientation all tend to shape institutional values, drive centralized, specialist control
and entrench a bureaucratic elite. For Weber, instrumental reason and oligarchic rule are
deeply ingrained in the spirit of modernity; he called bureaucracy an “iron cage,” from
which humanity might never escape (p. 181).

Similarly, McAdam (1982) argues formalizing social movement organizations (SMO) is
necessary for sustained insurgency but warns against three degenerative processes. First, in
oligarchization, a class of leaders may put maintaining the organization before movement
goals. Second, in co-optation, the desire for external sponsor support may divert
organizations from movement goals. Third, in the dissolution of indigenous support,
organizations may become so preoccupied with lobbying or other activities that they lose
the confidence of their own rank and file. These tendencies may combine in a vicious
spiral of activist disenchantment and disengagement.

As both democratic associations and market enterprises, the co-operative case diverges
substantively from Michels’ (1915) and Weber’s (1958) treatments. It also diverges
significantly from the SMO norm on which McAdam (1982) focuses. The degenerative
processes McAdam identifies are salient to co-operative movements, but in distinct ways.
First, oligarchization is a larger threat for a co-operative than a traditional SMO because
business culture sanctions strong management, expert leadership, and confidential and
fast decision-making to meet the challenges of market competition. This powerful
competitive discourse underlines the need for unfettered elite leadership.

Second, while co-ops are less subject to the kinds of state and foundation co-optation
more typically associated with SMO funding, they may depart from movement goals to
remain competitive, meet the demands of a bottom-line focused consumerism, and adopt
corporate-managerial practices. Market involvements make co-ops more susceptible to

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3 Of course, CMOs may seek state funding to supplement member dues and realize shared state-sector
objectives. They may thus be steered into compromises to accommodate state agendas.
market values; serving to “weaken the social movement character of co-operative movements far more than the institutionalization and bureaucratization processes observed with all social movements” (Develtere, 1992, p. 32). Co-operative organizations are less susceptible to state cooptation, but more likely to be coopted by capitalist values.

Third, in the dissolution of member support, the drift from movement to managerial goals may undermine members’ adhesion and sense of movement belonging. This is a two-step process. First, as co-operatives mature, the movement values, relationships, and organizing know-how of the founding generation wither. Second, filling this vacuum in the organizational culture are market demands, managerial power, and a drift toward corporate practices (DiMaggio & Powell, 2004). As members withdraw from active governance and executive power advances, the moral incentive to support or join the co-operative may erode further.

Meister (1974; 1984) identifies specific degenerative threats to co-operative organizations; they all reflect the shifting balance of class power from members to managers. Adopting a life-cycle model, he suggests four stages. High idealism and member commitment in the take-off stage leads to the first conflict, as the group establishes full-time administrative control. The second conflict takes place as managers put conventional principles of organization in place to manage growth, often in opposition to movement idealists. The third conflict arises as market values become established and democratic participation is increasingly confined to formal board representation. The fourth and final conflict emerges as managers use their access to information, expertise, and resources to consolidate control. The implication is that “co-operatives will move from direct democracy and collective management to representative democracy and professional management, until eventually the co-operative is dominated by this managerial élite” (Cornforth et al., 1988, p. 135).

Like other democratic organizations, co-operatives are clearly susceptible to the erosion of democratic norms and movement principles over time. Some have argued this degeneration is inevitable. This doctrine has been most aggressively deployed against the
worker co-operative movement (Birchall, 1997). As a robustly democratic model, it appears particularly suspect to democratic cynics who stress the need for technocratic leadership. The Fabian socialist tradition, in particular, has been strongly influenced by the Webbs’ (1914; 1921) degeneration thesis. This doctrine asserts that workers would either fail to manage effectively or prevent their managers from managing effectively because they lacked discipline, market knowledge, or resisted technological change, eventually driving the venture out of business; or their co-operative would be forced to adopt conventional management and ownership (Cornforth et al., 1988). If successful, the Webbs argued workers would limit membership to hoard profits, thus deforming into petit bourgeois firms (Birchall, 1997). In any case, the democratic ideal would be thrown overboard in due course. For their part, Marxists often follow Marx’s (1966) fatalistic view: “the co-operative factories of labourers themselves represent within the old form the first sprouts of the new, although they naturally reproduce everywhere in their actual organization all the shortcomings of the prevailing system” (p. 440).

Develtere (1992) argues that one-sided approaches which privilege either movement ideals or business discipline lay the basis for organizational imbalance and decline. These imbalanced co-operatives exist in a state of partial paralysis and are, therefore, what Briscoe (in Fairbairn et al., 1991) calls “frozen co-operatives.” Rather than “walking on both legs,” their leaders tend toward two extreme, and opposed, types. The “traders” adopt single bottom-line business practices at the expense of democratic involvements. The “idealists” compromise business rigour in favour of abstract co-operative values:

In these co-operatives the stumbling block to growth was the belief that business success and social (or co-operative) values are incompatible. This belief led to two views of the world, resulting in two types of leaders. The first was the trader who believed that economic criteria solely should drive decision making. This individual saw adherence to co-operative principles as a burden and a barrier to business success. The other type of leader was the idealist, who was prepared to compromise economic criteria in order to

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4 The obvious exception to this pessimistic approach to collective enterprise on the marxist left is the prefigurative ‘dual power’ model of Gramsci (Boggs, 1973; 1984; Marzani, 1980), who was deeply engaged in Turin’s factory council movement (Gramsci, 1977a; 1978) and deeply critical of Marx’s economic determinism (Gramsci, 1977b).
adhere strictly to co-operative principles. Neither approach resulted in rapid improvements in sales or profitability. (p. 37)

As Briscoe and Develtere both argue, traders (Develtere calls them “managers”) are frequently the dominant faction in well-established co-operatives. They tend to occupy managerial ranks and therefore have direct control over operational decisions, the shaping of organizational culture, and the provision of information and options to the board. Due to this strategic structural position traders often influence recruitment, nomination, and selection to the board. By attracting like-minded traders to the board, senior management can gain further influence over the membership-side of the organization. However, this often gives rise to an internal opposition led by idealists (Develtere calls them “ideologists” and ”activists”) who are suspicious of management power. This suspicion may lead them to oppose changes necessary to long-range business success.

Internal polarization poses two threats. The most obvious is business failure, under the influence of an uncompromising and entrenched idealist faction; the other is privatization, as traders take their opposition to member control and movement values to its logical conclusion. Between these extremes lie a wide range of organizational dysfunctions, from trust deficits to faction formation to organizational gridlock. Imbalanced management may also engender workforce and membership distrust of management and board as they increasingly appear to act in collusion. Failure to balance leadership may undermine both business efficiency and movement effectiveness.

Unlike most social movements which are involved in protest activity and “contentious politics” that target state power, the co-operative movement is focused on the struggle for the entrepreneurial franchise and market-share. It engages in what we might call “contentious economics,” only intermittently contending for limited political reforms. The principal threat to co-operative movement goals therefore is not state cooptation but the dominance of managerial ideology and market-driven, instrumental values.

As Bourdieu’s field theory (2005a) suggests, there is thus a structured pattern to the co-operative movement field; it reflects the social force of movement versus market pull.
Movement values must be dominant in the formation stage to successfully mobilize social capital and voluntary energies. However, as profitable co-operatives become less dependent on their parent movements, which may themselves decline, market pressure on management to make fast decisions can become overwhelming. This may diminish members’ autonomy against the pressures of the economic field. Over time, these market-driven field effects tend to strengthen the hand of the traders, marginalizing the idealists.

Duval’s (2005) study of the “executive effect” at the Parisian daily newspaper *Le Monde* is instructive. Market pressure pushed the worker-owned co-operative to subscribe outside capital and attract affluent readers more appealing to advertisers. The dominant force of the economic field over the journalistic field thus compromised the newspaper’s traditionally left-leaning editorial direction (pp. 135-155). The case of *Le Monde* is particularly illustrative since its product is, literally, a “text” that communicates what it stands for. The editorial shift at *Le Monde* suggests an equally significant dilemma for other co-operatives caught between the movement and the market:

> The great political daily *Le Monde* … has an anti-capitalist tradition… inherited from the post-war period. Yet … starting in 1985, major industrial and financial groups made significant investments and advertising expanded. Today, *Le Monde* is still majority-owned by internal investors, including journalists and other employees, but the grip of market logic has increased perceptibly, as evinced, notably, by an increasingly sensationalized front page designed to increase street sales. (Duval, 2005, pp. 148-149)

Since “established co-operatives may be closer to the model of frozen co-operatives than to the model of dynamic and innovative leaders in community education and development” (Fairbairn et al., 1991, p. 42)—and it is the established co-operatives which tend to define the regularities and rules of the field by virtue of their resources, position, and prestige—declining member adhesion in these co-operatives can also undermine the wider movement’s capacity to regenerate. In short, there is a spillover effect on the wider movement as leading co-operatives set the pattern for movement behaviour, and rise to positions of leadership within apex organizations. Moreover, since mature, established co-operatives are more likely to be trader-led and emerging co-
operatives are often led by movement activists and idealists, the movement itself is vulnerable to the pathologies of polarization. These are barriers to a unified, developmental movement and key challenges for the social movement entrepreneurs to whom Develtere (1992) delegates the reconciliation of competing factions (p. 22).

1.5.2 Theories of movement degeneration
While many studies on co-operative degeneration focus on individual co-operatives (Ames, 1995; Cornforth, 1995; Hadley & Goldsmith, 1995; Holmes & Grieco, 1991; Hunt, 1992), these organizations are nested in broader networks and movements which are also subject to broadly degenerative pressures (Staber, 1992). Indeed, since co-operatives often emerge in waves—as some structural need spurs social movement actors to organize campaigns—cohorts of co-operatives often enter into degenerative crises at the same time. A leadership generation, forged by the shared experience of a concerted movement insurgency, may retire from their home co-operatives as well as from the movement’s sectoral federations and apex organizations concurrently. Replaced by professional managers without founding period experience in movement-building or co-operative development, their movement perspective, networks, and organizing knowledge and skills can all be lost; succeeded by bureaucratic-corporate perspective and managerial networks, ideology, and skills. The aggregate effect may be to set the movement on an anti-democratic course that dispenses with movement goals and values in favour of market growth, organizational efficiency, and managerial rule. Whole sectors may thus be frozen into bureaucratic norms and market instrumentalism. Members and movements may feel increasingly estranged and disenchanted.

Moreover, Develtere (1992) argues that co-operative movements do not stand alone. They tend to rise and fall with the ebb and tide of their extended social movement families. While he too suggests co-operatives pass from a “utopian” to a “formalized” phase in which “value rationality” is subsumed by a “calculating rationality,” he argues withdrawal from cross-movement involvements can further undermine member loyalty and retention, particularly in conditions of intense competition; and that this drift from co-operation’s democratic movement moorings may drive degeneration.
This degenerative spiral can gradually undermine movement values in favour of a technocratic, market pragmatism. In these conditions of “every consumer and enterprise for themselves,” the co-operative movement becomes less able to defend and expand the co-operative sector as a whole. As managers and board members retreat into their uni-functional silos, and the discursive frames of their particular market sectors, openness to emergent community needs and new co-operative development opportunities withers. Standard measures of economic performance may actually improve as leadership of an increasingly fragmented collection of frozen co-operatives abandon social performance objectives, at least in the short-term. However, the long range competitive positions of the co-operative as a firm model, and the ethical basis for movement-belonging and member loyalty, may decay—slowly, quietly, and invisibly.

New co-operative development, therefore, is an important investment in wider movement regeneration. Without active and ongoing new development campaigns, the movement’s capacity for cultural expansion dissipates. By default, the investor-owned firm appears as the only viable vehicle for contemporary economic action, investors appear as the only credible economic agents, and the co-operative movement appears as a fleeting solution to yesterday’s problems. This not only pre-empts emerging co-operative sectors. It also undercuts member (and employee) loyalty to well-established co-operatives which seem less salient to the needs and priorities of younger people and emergent publics.

The degeneration of co-operative movements has societal implications that extend well beyond the survival of co-operation as a movement or an institutionalized cluster of sectors. For the fate of these movements is also geared into the prospects of the wider social economy as a mode of production based on social needs and democratic participation. Co-operation helps structure economic life, social organization, and the political culture more generally. Particularly in world-regions such as Québec and Saskatchewan, with high co-operative densities, the success of the co-operative movement casts a bright light—building democratic cultures, empowering civil society, and driving new frontiers of social innovation. Conversely, its degeneration casts a long
shadow—contributing to the erosion of democratic cultures, popular power, and weakening popular defences against forms of social regression.

1.6 Remobilizing co-operative development: Theories of movement regeneration

Against the tradition of democratic pessimism in the social sciences, Cornforth and Thomas (1990) argue social innovation can democratize co-operatives, and regenerate movement goals and values. Regenerative initiatives may emerge through internal democratic channels, through members’ ties to social movements with similar goals, through the leadership of visionary boards or managers, or through a coalition of these forces. Central, of course, is leadership from Develtere’s social movement entrepreneurs.

Additionally, co-operators have developed support structures to counter degeneration. Britain’s CDA network provides one example. Cornforth and Thomas (1990) also suggest the existence of well-established federations and support networks in France and Italy account for their success in generating new co-operatives relative to countries with weak support structures such as the U.K. and the U.S. In fact, Cornforth et al. (1988) argue that the democratic dilemmas of maturing co-operatives represent choice-points in the organizations’ life-cycle; not determining influences that inevitably lead to degeneration. For example, they argue for support structures to match the strategic requirements of worker co-operatives at each degenerative stage in Meister’s life-cycle typology:

This would imply that CSOs continue their successful business advice, confidence-building and general development work undertaken for start-ups, and pursue management training for the second-stage development and growth of co-operatives once established. Then they would also concentrate on ways of assisting in the third-stage conflict and combating the degenerative tendencies. This might involve developing models of co-operative working and assisting with problems of individuals in co-operatives, from recruiting through discipline and pay differentials to how to reward—and control—entrepreneurialism (pp. 199-200).
Similarly, Maaniche predicts a co-operative’s democratic, movement values will be exhausted as the founding members’ legacy recedes in the organizational culture, but he also argues that educational interventions can revitalize founding principles and energy (in Crewe, 2001, p.12). Like Cornforth et al. (1988), Maaniche portrays the entropic decline of democratic values, momentum, and projects as a function of transient historical conditions, and a challenge to innovate, rather than inevitable realities to which we should be fatalistically resigned.

If movement polarization and degeneration pose threats, and challenges, for the social movement entrepreneurs charged with responding to these historic crises (Develtere, 1992, p. 22), then regeneration theorists like Cornforth et al. (1988) and Maaniche (in Crewe, 2001, p.12) equally present them with an agenda, in outline, for unifying competing factions and rebuilding the necessary enabling structures, cultures, and strategies for movement regeneration. Indeed, the argument of Cornforth et al. (1988) for the role of institutional intermediaries is not narrowly focused on the instrumental and technical concerns associated with resource mobilization theory. Instead, based on their study of the worker co-operative boom in Britain in the early eighties, they also emphasize the educational and cultural importance of movement leadership in popularizing new ideas, inspiring new actors, and conducting new campaigns:

Probably the most important development in the continuing revival of the worker co-operative sector has been the formation of local co-operative support organizations (CSOs). Originally these came from the efforts of small groups of local activists, radical professionals and politicians, influenced by the alternative movement and by other moves towards decentralised, grassroots activity. CSOs can be seen partly as vehicles for promoting the ideals of co-operation, specifically those of common ownership, and partly as one of a number of fragmented, pragmatic responses to increasing unemployment … The majority of funding for CSOs has come from Labour-controlled councils or from central government grants aimed at rejuvenating urban areas which also require local government support. (p. 19)
In a sense, the British CDA network was a movement within a movement, institutionalizing democratic movement values from outside official structures which had become managerial—rather than developmental—in their orientation and slow to respond to new needs. As the Québec case examined here illustrates, co-operative movement degeneration is not inevitable. Not only do co-operative enterprises tend to outlast investor enterprises (Bond, Clément, Cournoyer & Dupont, 1999). Over the century and a half since its birth, the modern co-operative movement has spread across the globe and across sectors (Birchall, 1997). Certainly, some co-operatives have failed. Some sectors have encountered fatal setbacks. But others have expanded and enhanced their competitive position, retaining economic leverage for their members, insuring their continued loyalty, and inspiring others to action. New co-operative models have also been invented to respond to new threats and opportunities. The co-operative movement, in short, has demonstrated a compelling capacity for innovation, re-invention, and regeneration, often by rediscovering its social movement roots and historic alliances.

Post WWII Italy is a compelling example of this regenerative capacity. While the war decimated the economy, the fascist regime singled out co-operatives for special punishment. Mussolini’s forces encouraged the harassment of co-operative leaders and the destruction and nationalization of co-operative property. Despite this, the movement recovered in the post-war context. Activists’ commitments were deepened by their persecution, leading national reconstruction through mobilizing networks such as La Lega. Enjoying broad-based popular support, Italy today boasts one of the planet’s most successful co-operative movements (Earle, 1986; Ammirato, 1996).

Another example of movements’ capacity to adapt and innovate is the case of the Mondragon group (Oakeshott, 1978; Whyte & Whyte, 1991; Morrison, 1991). Also a by-product of the anti-fascist resistance, this complex of over 250 worker-owned firms is based in the Basque country in Spain. It employs over 90,000 workers (Mondragon,

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5 Movement newspaper *La Cooperazione Italiana* published a list of 198 co-operatives attacked by fascist squads during the months of January to June 1921 alone (Earle, 1986, p. 25).
2009). Developing its own university, research and development unit, and movement bank, this mobilizing network contrasts sharply with the degenerative model of an imbalanced or frozen co-operative movement that lacks developmental commitments. While traditional co-operative movements may succumb to institutional isomorphism, degeneration, and de-mutualizations—particularly as traders have come to dominate these organizations with a market-driven managerial ideology—the Mondragon model strives to balance enterprise and associational interests (Webb, 1987; Matthews, 2001; Axworthy, 1985; Oakeshott, 1978).

Similarly, as this study illustrates, the Québec model both institutionalized support to co-operative entrepreneurship, and introduced structural innovations that sustain the associative viability of the movement through the latest wave of globalization. Its network of CDRs, like the British and French networks that inspired them, is both a development mechanism for new co-operatives and a regenerative mechanism for the movement as a whole. It thus provides a model for regeneration in the present context.

The theoretical framework developed in this chapter has focused on co-operative movement-building, degeneration, and regeneration as key factors in conditioning the prospects for new co-operative development campaigns. It has been argued that degenerative processes need to be a concern to movement leaders—from established and emerging sectors and managerial and elected ranks alike. However, it also suggests that regeneration strategies can effectively offset and reverse these processes. Following on Cornforth et al. (1988) and Maaniche (in Crewe, 2001), this review finds that institutional intermediaries, educational and cultural interventions, and the reconstruction of mobilizing networks can each play a crucial role. Like Gramsci’s “organic intellectuals” or Foucault’s “specific intellectuals,” Develtere’s social movement entrepreneurs have an important role to play in unifying the movement’s diverse actors—from established co-operative managers and emerging co-operative activists to disenchanted co-operative workers and estranged social movement partners—in a process of whole movement renewal.
CHAPTER TWO

METHODS: KNOWLEDGE FOR WHOM?

2.1 Introduction: Methodological preliminaries

The Québec and Saskatchewan co-operative movements realized several waves of dramatic growth through the early- and mid-twentieth century, but from 1980 to 2010 new co-operative formation rates diverged sharply. While Québec start-ups boomed, the Saskatchewan sector shrunk. As the statistical survey in chapter three demonstrates, this gap is both empirically significant and widening at an accelerating rate. Beyond empirically documenting this development gap, this study also has a wider exploratory and explanatory purpose: to test the efficacy of the social movement approach in explaining this divergence. Findings may suggest priorities for further research and action, conceptual weakness, or alternative theories or refinements to the model. Mixed methods are thus used to further test the framework’s explanatory power. These include a review of secondary sources on the history of the Québec and Saskatchewan movements to construct provincial case studies, presented in chapters 4 - 7; qualitative analysis of relative provincial movement performance on several indices of development action in chapter 8; and a series of semi-structured interviews with strategically positioned actors to help check facts and interpretations, fill in gaps in the literature, and provide greater depth and interpretive understanding.

This investigation’s central research question is: Why did the Saskatchewan sector contract during this period while Québec’s sector expanded? This study explores the proposition that Québec successfully intervened against movement degeneration over the last three decades while the Saskatchewan movement did not. The study’s intent is to assess the validity of this claim, to explain why or why not this might be the case, and to provide further insight into possible development barriers and mechanisms.
This chapter summarizes the main methodological assumptions, reasoning, and limitations and delimitations which guide the study design.

2.2 An interdisciplinary approach

This investigation draws from several disciplinary traditions. Interdisciplinarity can breech disciplinary silos that impede innovative investigations and wider knowledge diffusion, and forge new connections between frequently segregated interpretive communities; this creates new opportunities for theoretical extension, synthesis, and innovation. The following analogy captures the dilemma of compartmentalized research, and the advantage of interdisciplinary approaches:

There is a saying, indeed a cliché, that if the only tool you have is a hammer, you will see every problem as a nail. To paraphrase: if the only tool you have is history, you will see every problem as a question of finding documents in archives. If your tool is economics, you will represent reality as the outcome of maximizing agents whose behavior can be captured in equations containing Greek letters. The disciplinary organization of the university amounts to having teams of people who all wield hammers, others with saws, still others with sandpaper—each group trying to finish each job unaided by the others, and with no general contractor. (Fairbairn & Fulton, 2000, p. 21)

Within the dominant disciplinary preoccupations of political science, sociology, economics, and history, co-operative literature is often fragmented, submerged, and consigned to footnotes. Alternately, it is confined to the specialist enclave of co-operative studies. The approach of this study, by contrast, is to adopt a clear problem-solving focus on co-operative development. This encourages an integrated approach, crossing disciplinary boundaries in purposeful ways. Drawing together diverse strands of expertise and methodological approaches ensures a more comprehensive understanding. An historical approach can place the problem in meaningful context. Economic analysis can illuminate the distinct traits, advantages, and dilemmas of co-operative firms. A sociological lens can better identify the role of social structures, movements, and institutional supports. Cultural analysis can clarify how various ways of life, discourses,
and identities shape collective actions. Finally, political science highlights issues of public policy and member democracy. A disciplined inquiry borrows carefully from diverse conceptual approaches and evidentiary bases to yield a richer, more accurate, and more complete account of co-operative development.

Interdisciplinarity thus builds on the methods and findings of disciplinary inquiry to build less reductionist explanations. In contrast to positivist approaches, such as economism or statism, it contributes, as MacPherson (2007) urges, to “a fuller appreciation of the social, economic, political, and cultural contexts that underlie both formal co-operative organizations and the fostering of co-operative behavior” (p. 458). Related to this theme is the rootedness of co-operation in wider social movement families. As Develtere (1996) notes, “co-operative movements have seldom been studied by scholars interested in social movement research… often taking for granted that co-operatives belong to a special social movement without specifically analyzing co-operatives from that angle” (p. 26). An interdisciplinary approach can help bridge this gap.

2.3 Units of analysis: Provincialization and the globalization context
Comprehensive changes wrought by economic globalization since the eighties highlight the importance of an interdisciplinary approach. For global market restructuring created a fundamentally new context for collective economic action, generally, and the project of co-operative development, in particular. It shifted the terms of trade but also transformed the role of the state and our cultural understandings. While the National Task Force on Co-operative Development (NTFCD, 1984) reflects the commitment of nation-state sociology to centralized, federal state action, globalization reframed the terms and terrain of co-operative development. Increasingly, both federal and provincial states would play a larger role in business development through decentralist, and community economic development strategies (Shragge, 1993; Hammond Ketilson et al., 1992). Challenged by new regulatory and competitive threats, eroding local commitments, and the devolution of economic policy to the provincial, regional and local levels, interdisciplinary approaches can help clarify the comprehensive and far-reaching implications of this new
reality for co-operation. Comparative, inter-provincial research can further help us better understand these new problems and re-imagine co-operative possibilities (Findlay, 2004).

Of course, globalization only further complicates the already complicated context of co-operation under Canadian federalism. This fragmented jurisdictional reality results in frequently conflicting legislative regimes; varied policy goals; unevenly distributed resources; and frequent service gaps, mismatches, and overlaps across the country’s provincial and territorial support structures (Fairbairn et al., 1993). Federal state action thus risks duplication. However, one advantage of the federal / provincial division of responsibilities is the room it opens for policy experimentation at the provincial level. Competitive federalism enables replication of the most successful provincial approaches over time, both across provinces and federally. However, this process of inter-provincial innovation diffusion is perhaps stickiest between Québec and the rest of Canada, since there is considerable geographic, cultural, and linguistic drag on policy replication.

Federalism also balkanizes Canada’s co-operative and social movements; they are organized into national and provincial centrals, mirroring the federal structure of governmental authority. The bifurcation of the federal co-operative movement between French-speaking and English-speaking centrals creates a barrier to innovation diffusion, and further institutionalizes the division of French-speaking and English-speaking cooperators.

Of course, globalization has also restricted the role of the federal state and thus the salience of federal lobbying. The movement’s English-speaking federal apex organization, the Canadian Co-operative Association (CCA), has recognized that—under conditions of state retrenchment and blocked political progress at the federal level—it may be wisest to refocus lobbying support and technical assistance to provincial movements that have energy, momentum, and an opening to state partnership. The consulting role of the CCA’s recently formed Research Education and Co-operation Hub provides one example. It conducted research on other co-operative development strategies across Canada at a federal and provincial level to inform Manitoba
consultations on a ten-year provincial sector-state development plan (Manitoba Co-operative Association, 2008).

Lewis (2010) has also recently called for a deepening provincialization of development energies: “In Manitoba some 10 years ago the then draft Canadian Community Economic Development Network National Policy framework played a key role in influencing the new New Democratic Party government. However, the subsequent strengthening of the work there has been due to provincially-focused organizing. In Nova Scotia the focus has been very provincial as it has been in Québec, though the latter has expertly leveraged federal support as well” (p. 1).

Comparing the globalization era experiences of Canada’s historically most co-operative provinces has practical benefits for English-speaking provincial movements, and Saskatchewan’s in particular, but it also helps redefine the problem at a level of analysis traditionally overlooked under hegemonic federalism. By selecting provincial movements as the unit of analysis, this comparative case study also contributes to the provincialization of movement strategies currently under way in English-speaking Canada; and to the inter-provincial transfer of key movement and policy innovations.

There is another case for a provincial focus. For the decline of the nation-state also represents the dismantling of the main institutional base of popular democratic power. Indeed, democratic potential is increasingly curbed by market power and diverted by ethno-religious fragmentation. In the Canadian context, examples of triumphal global capitalism include widespread privatization, deregulation, and free trade agreements. Examples of resurgent ethno-religious nationalism include the rise of Christian fundamentalism, social conservatism and right-wing populism in the West; and the persistence of separatist sentiment and anti-immigrant xenophobia in Québec. Against this backdrop of eroding democratic cultures and institutions, co-operative movements can help realize popular, democratic aspirations as well as fulfil frustrated socio-economic needs. Co-operatives can once again act as agents of democratization; responding to the democratic vacuum created by the increasingly impotent nation-state
and the increasingly omnipotent private market; and recreating vibrant intermediate associations to rebuild civil society’s depleted reserves of democratic social capital.

As Barber (2001) has argued, in the collision between the forces of “disintegra1 to Jihad… and the forces of integrative modernization and aggressive economic and cultural globalization [he calls] McWorld,” the reinvention of new democratic institutions (or the renewal of existing ones) can provide a third option:

Democracy responds both to Jihad and McWorld. It responds directly to the resentments and spiritual unease of those for whom the trivialization and homogenization of values is an affront to cultural diversity and spiritual and moral seriousness. But it also answers the complaints of those mired in poverty and despair as a consequence of unregulated global markets and of capitalism run wild because it has been uprooted from the humanizing constraints of the democratic nation-state. (p. xii)

This point warrants further elaboration. Early modern co-operation—in the wake of the structural dislocations of the French and Industrial Revolutions—was more than an effort to realize economic needs; it also embodied democratic aspirations and strivings for member self-realization and new forms of social solidarity or community. However, as democratic movement energies gradually migrated from the co-operative movement to win, build, then influence the modern democratic state on the one hand and trade unions on the other, established co-operatives were increasingly left in the hands of a custodial management class. By contrast, the present context suggests a reappraisal of statism, co-operative centralism and a reinvigoration of local, regional, and provincial co-operation as vehicles for popular democracy. As the nation-state declines, movements structured along the frontiers of national boundaries need to reflect on the salience of national organization; although the important tasks of inter-provincial innovation diffusion,

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6 A good example of this kind of creative re-thinking are the merger talks between the federal English and French speaking co-operative federations, the CCA and the CCCM. While the ethno-linguistic organization of these parallel movements reflects pragmatic accommodations to the distinct needs of francophone co-operators, these discussions—and the decision several years ago to co-locate offices in Ottawa--recognize that a common front in lobbying, and a unified movement overall, are also valuable.
coalition-building, and federal lobbying still demand a strong national presence, the new reality also suggests the importance of rebuilding co-operation’s base in intermediary associations that can shore up the movement’s base, political influence, and movement-building capacities at the provincial and even regional level. Co-operatives can help to rebuild the institutional and cultural basis of vibrant democracies as they rebuild their own movements’ vitality—from the ground up, co-operative by co-operative, region by region, and province by province.

Against the overall trend to concentrate and centralize political power in Ottawa through Canada’s first century, and the more recent erosion of local attachments under the economic concentration and increased labour mobility of global market restructuring, the co-operative movement’s decentralized, local membership base thus uniquely positions it to help rebuild the base for democratic values, participation, and escalating orders of organization in civil society. Shifting our gaze from the senior level of governance as the seat of democratic power toward a more devolved conception in which provincial movements (and provincial states) also play a key role, is thus also an important methodological and political shift in favour of the new emergent structure of democratic possibilities. It also places a focus on the new importance, and difficulties, of supporting grassroots local agency for social innovation and co-operative enterprise. In this study, a more prominent sub-periodization is thus deployed to further punctuate the waves of co-operative formation in the globalization era; this sub-periodization focuses on the shifting dynamics of provincial state-sector relations within the overall life-cycle dynamics of these provincial movements. With the federal state in retreat, provincial states become more, not less, important to co-operative development prospects.

2.4 A realist approach

Although the next chapter establishes the empirical reality, scope, and scale of the widening development gap between Québec and Saskatchewan; and qualitative and quantitative approaches are viewed as complementary aspects of the research; the broad methodological approach for this investigation is qualitative, rooted in the realist philosophy of science. Realist method posits underlying causal structures, mechanisms
and, therefore, views theory as a process of “conceptualization” (Sayer, 1992). This study, in other words, reflects a strongly exploratory and interpretive approach to making sense of this development gap; to explaining its origins as well as demonstrating its existence. For, as Giddens (1984) has argued, “all so-called ‘quantitative’ data, when scrutinized, turn out to be composites of ‘qualitative’—i.e., contextually located and indexical—interpretations produced by situated researchers, coders, government officials and others” (p. 333). In this sense, it is also a rejection of the quantophrenia which prevails in some quarters, and its governing assumption that “if you can’t count it, it doesn’t count” (Giddens, 1996, p. 4). A more apt description of this approach might be that most things you can count don’t much matter, and most things that matter you can’t count. While the positivist emphasis on discovering natural laws and relations of regularity is common in the natural sciences, the realist approach “is more common in subjects characterized by fundamental divisions and considerable philosophical and methodological introspection such as sociology” (p. 50).

This study is thus based on the premise that realism’s stratified model of events, mechanisms, and structures yields a stronger sensitivity to the underlying developmental processes of social (and economic) change. In particular, realism highlights the “emergent powers” that are the focus of this study (the achievement of successful co-operative development systems). For a strongly exploratory study such as this, realist scientific methods provide conceptual rigour, theoretical breadth, and methodological flexibility.

A realist approach combines theoretical or “abstract” research, such as the conceptualization of movement regeneration as an underlying mechanism of successful co-operative development, with historical or “concrete” research (of the actual structures, mechanisms, and events that define the Québec and Saskatchewan cases). I argue that

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7 As Mills (1959) argues, “much ‘empirical’ research is bound to be thin and uninteresting. Much of it, in fact, is a formal exercise for beginning students, and sometimes a useful pursuit for those who are not able to handle the more difficult substantive problems of social science. There is no more virtue in empirical inquiry as such than in reading as such. The purpose of empirical inquiry is to settle disagreements and doubts about facts, and thus make arguments more fruitful by basing all sides more substantively. Facts discipline reason; but reason is the advance guard in any field of learning” (p. 205).
this holistic, problem-focused approach can enhance historical understanding of the resources and constraints available to co-operative development, and open up significant new lines of inquiry.

2.4.1 Synthesis research
This work fits well with synthesis research in the realist tradition. In contrast to positivist approaches, this approach of matching adequate theoretical concepts to specific historical realities does not seek to establish discrete regularities as a basis for broader generalization. Rather, it strives for an interpretive understanding of change processes within distinctive, complex systems. As Sayer (1992) argues:

> Synthesis research is research which attempts to explain major parts of whole systems by combining abstract and concrete research findings with generalizations covering a wide range of constitutive structures, mechanisms and events. Research of this kind is especially common in history and geography, although it would perhaps be fairer to say that ideally it should be interdisciplinary. *Interpretive understanding* is presupposed in all these types of research, though the extent to which it is problematized will depend on the topic; e.g. cultural studies as compared to economics. (p. 237)

As discussed, this implies a relational approach to co-operative development. Rather than treating co-operatives as merely economic units operating in a self-enclosed, functional economic system, this study also views them as democratic associations that overlap with wider social movement families. This conception differs from a positivist approach, in which founding members are regarded as autonomous individuals engaged in a transaction of rational choice. Instead of positing a de-contextualized, asocial, and ahistorical model of external relations in a simple, utility-maximizing “transaction,” this relational approach is based on a rational abstraction method. In this approach, internal relations are based on a conception of the embedded character of co-operative development. Emerging co-operatives, in other words, exist in a field of relationships that either help, or fail to help, define and develop them. This field includes collective social actors (e.g. co-operatives), underlying structures (e.g. social movements), and enabling development mechanisms (e.g. technical assistance, solidarity finance, policy reform).
Clearly, the transactional conception reflects and reinforces a laissez faire model of co-operative development, abstracting the adoption–decision of co-operative founders from the wider social and historical context of co-operative development. This atomistic ontology is the basis for neo-liberal policies that suggest co-operative development should be treated no differently than any other form of business development. In this view, neither special supports nor development mechanisms are necessary or appropriate. The market should decide. It thus abstracts from and minimizes the role of the supportive structures and mechanisms highlighted by a relational model. While the transactional approach discounts the historical role of movements in conditioning future innovation- adoption decisions, a relational approach places a premium on this aspect; this is the conceptual basis for developmental movements.

Central, therefore, to the realist method is recognition of the crucial role of agency, choice, and social innovation in the cultural evolution of human societies. A realist approach creates a strong foundation for synthesis research since it recognizes that “causal, structural, and interpretive analyses are interdependent” (Sayer, 1992, p. 114). This understanding is particularly important to the study of co-operative movement innovation, regeneration, and re-invention—a restructuring process that so heavily depends on the ethical, rational, creative, and strategic conduct of movement actors, i.e. their “associative intelligence.” Far from a structurally determined outcome of “natural laws,” co-operative development is a problem-solving practice through which people adopt, adapt, and reinvent co-operative innovations to fit their specific local needs, opportunities, and preferences. As Sayer (1992) explains:

> Where structures are undergoing transformation, at different speeds in different places, as is common in societies, concrete and abstract research need to be in far closer dialogue than is ever necessary in their natural science equivalents of pure and applied research…. The results of studies of all but the more durable social structures are therefore likely to be theoretically-informed and informative narratives rather than formal analyses of apparently timeless mechanisms. (p. 145)
2.4.2 Conceptual research

In co-operative studies, Fairbairn (2004) has also argued for a role for abstract, or what he calls “conceptual,” research. While practitioners may be readily frustrated by research which is exclusively conceptual, he suggests that “in the long run, we can’t do without conceptual research if we are to avoid intellectual stagnation” (p. 22). Conceptual research allows us to think critically and reflexively about new circumstances or previously unexamined assumptions. It can shed important new light on outdated orthodoxies, mistaken beliefs, and irrational prejudices that are implicit in the everyday theories that guide our actions. Conceptual research is simply necessary to revising our “theories-in-use” (Argyris & Schön, 1974). It is the first step in the process of social innovation and movement modernization, reform, and regeneration. The social movement approach to co-operative development, including the interest in degenerative dilemmas and regenerative strategies which it implies, is thus a clear instance of conceptual research:

Conceptual research is the basic and most fundamental kind. It deals with “how we think about” co-operatives. It may define new models or kinds of co-operative structures, or new ways of thinking about old ones—new terms, new goals, and new kinds of intellectual tools. The distinguishing feature of such research is the creation of something new, of a new intellectual construction. (Fairbairn, 2004, p. 22)

2.4.3 Conceptual-empirical research

The case study comparison summarized in chapter 8 investigates the ability of the social movement approach to explain the logic, motion, and divergence of the Québec and Saskatchewan movements. In part, the development gap documented statistically in chapter 3 thus appears as an index of the tension between degenerative processes (dominant in Saskatchewan) and regenerative actions (decisive in Québec). Based on historical evidence, the comparative case method also applies a movement benchmarking tool (the “seven pillar model,” discussed below) to extend the reach of the study, and more adequately account for the etic perspective of contemporary movement actors. The study thus moves from a “conceptual” research focus—on better conceptualizing co-operative innovation within the frames of academic social science—to a “conceptual-
empirical” focus—on better understanding and facilitating innovation-transfer between the leaders of these geographically, linguistically, and culturally bounded movements by applying the action-frames of movement actors themselves. This implies a doubly reflexive edge: moving from “internal critique” of social scientific approaches to co-operative development to an “external critique” of movement actors’ theories-in-use. In this sense, this study may therefore also be understood as a project in “translational research,” bridging the theory-practice divide, and bringing academic and movement understandings into closer and more productive dialogue. As Silka (2003) has argued, there is a need for “research that closes the gap between studying a problem and identifying hands on solutions” (p. 61).

The seven pillars text (CCA, 2007a), outlined below, is used as as an artefact of movement actors’ conceptions and an index of movement commitments to development action. This reflects the fact that it is not simply development systems or their constituent elements, such as financing, technical assistance, etc., which must be adopted, adapted, or re-invented to develop viable movements or regenerate declining movements. It is also necessary that movement leadership have a shared vision, strategy, and discourse for development to justify, guide, and inspire their actions. This discursive structure may erode over time; become less relevant to new conditions; have to be renovated or hybridized with others to better meet local needs and conditions; or re-invented altogether to meet the fundamentally new demands of a rapidly changing economy and society. Discourses are themselves social forces: for development; for degeneration; for regeneration; or they may embody contradictory aspirations. This tacit, practical knowledge or “common sense” is sometimes formalized in documents that can capture the zeitgeist. The CCA’s seven pillars model is just such an artefact.

In part, the methodological move toward textual analysis of the seven pillars movement document reflects the fact that, unlike natural science, social scientists are engaged in a

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8 Giddens (1984) defines “internal critique” as “the critical apparatus of social science, whereby theories and findings are subjected to evaluation in the light of logical argument and the provision of evidence” (p. 375) and “external critique” as “critique of lay agents’ beliefs and practices, derived from the theories and findings of social science” (p. 374).
dialogue with the world which they interpret; neither social scientists nor lay actors act in hermetically sealed contexts immune to the influence of the other. This methodological principle is thus best summed up in the concept of the double hermeneutic: “The intersection of two frames of meaning as a logically necessary part of social science, the meaningful world as constituted by lay actors and the metalanguages invented by social scientists; there is a constant ‘slippage’ from one to the other involved in the practice of the social sciences” (Giddens, 1984, p. 374). As Giddens (1996) argues:

Social science is concerned with concept-bearing and concept-inventing agents, who theorize about what they do as well as the conditions of doing it… Unlike natural science, however, the social sciences involve a double hermeneutic, since the concepts and theories developed therein apply to a world constituted of the activities of conceptualizing and theorizing individuals… (For example,) the invention of the discourse of political science helped constitute what the modern state is… The discourse of economics entered constitutively into what industrial society is. Industrial society could not exist if everyday actors hadn’t mastered concepts of investment, risk, cost, even the meaning of economics… The implication of the double hermeneutic is that social scientists can’t but be alert to the transformative effects that their concepts and theories might have upon what it is they set out to analyse. (pp. 75-77)

In this sense, there is a necessary overlap between co-operative movement actors’ frames and those of co-operative studies scholars. Movement cultures and academic research are imbricated in a causal network of often unacknowledged and unintended, mutual influence. Since social actors actively reflect on their world, choose from available options for action, and draw on new thinking to revise their own understandings (and hence their practice), they routinely draw on social scientific understanding as it cycles through the culture. Popularized concepts such as “self-esteem” or “body image” or “investment climate” all indicate the permeable boundaries that separate popular and academic knowledge. Similarly, ideas about development are themselves a material force in development, even if they circulate within and between relatively small academic and movement subcultures. In addition to first hand accounts gathered through interviews, the seven pillars document helps illuminate a more concrete, historical understanding of how
movement actors understand their world, how that understanding shapes their practice, and how that practice reshapes their world.

Matching social scientific conceptualization with popular movement knowledge serves an important methodological role in adequately accounting for the knowledgeability of social movement actors. However, it also plays an important practical role in better facilitating, or accelerating, the social cycle of knowledge exchange and innovation diffusion. In this sense, it fits neatly into Fairbairn’s (2004) definition of conceptual-empirical research:

Conceptual/empirical research combines new models or thinking with (the) study of at least some illustrative real-life examples. The idea of such research is to bootstrap thinking in a certain area by looking at what is “out there” in dynamic or leading communities, and combining this with reflections, analysis, and / or recommendations about “what is needed” or what is possible. (p. 22)

2.5 Research as innovation and development catalyst

As the ILO (2002) and UN (2001) have recognized, knowledge mobilization has an important role to play in expanding the global co-operative movement. Comparative research can overcome isolation, better transfer co-operative innovations, and accelerate their diffusion (Rogers, 1995). With one of the highest co-operative movement densities in the world, Canada both provides important lessons for development elsewhere—as evidenced by its longstanding and extensive involvements in international development efforts (CCA, 2010a)—and represents a relatively well-primed and receptive market for co-operative innovations. To cite one case investigated further in this study, the legendary movement in the Canadian province of Saskatchewan has deep local roots, but its roots in the international exchange of ideas and models run just as deep. Grain growers adopted pooling from the American experience (Sharp, 1997; Fairbairn, 2005). Consumer co-operators took their inspiration from the great Rochdale experiment in the U.K. (Fairbairn, 1994; 2005). Credit unionism was relayed to the Prairies via the Maritimes, where the Antigonish movement was influenced by the great Desjardins campaign in Québec (MacPherson, 1979), itself based on the European experience (Fairbairn, 2000).
Research can thus play an important role in sharing co-operative innovations. Innovation transfer can both meet local members’ needs and breathe new life into stagnant movements world-wide.

To put this more formally, the conduct and publication of research can bridge what Burt (2002) calls “structural holes,” connecting individuals and groups that circulate in different social networks and flows of information and would otherwise therefore not come into contact. In conditions of vast geographic dispersal and fragmentation by sector and province, this kind of isolation is a key issue in Canada—the focus of this study. The role of research in the Canadian context therefore looms particularly large. As the NTFCD (1984) reported, “we found in our discussions across the country that frequently co-operatives in one province or sector were completely unaware of relevant developments in another part of the co-operative system.” A particular challenge to information exchange and movement learning, the Task Force emphasized, is the linguistic and cultural divide between French and English-speaking Canada (pp. 121-122).

This investigation thus addresses several gaps and blind spots in co-operative studies. Its focus is co-operative development, an area that “has not been an explicit subject of much research” (Fairbairn, 2004, p. 4). It also responds to the need “for analytical studies of organizational and institutional factors (in co-operative development), particularly in case studies” (p. 4). This study also addresses “the ways in which co-operative development is or may be lodged within (the) broader social economy (French) or community economic development (English)” (p. 14). Of course, Canadian co-operative studies are deeply

9 Other gaps which this study addresses include “the significance of regional or multi-co-operative systems or networks” (Fairbairn, 2004, p. 14), the role of “alliances, networks and federations,” and the place of “the co-operative identity” in strategic planning (p. 17). In particular, this study’s focus on the embeddedness of co-operation in wider social movement family dynamics addresses the need for “more systematic examination of member commitment, member involvement and leadership and the role of these factors in co-operative innovation and success” (p. 4). As a period study focused on the globalization-era context, cited as an area of particular ‘disappointment’ (p. 15) within the existing literature, this study also contributes to the examination of “international transfers of co-operative knowledge, (about which) almost nothing has been published in either language” (p. 4).
divided between Anglophone and Francophone movements, interpretive communities, and research traditions. This study bridges that linguistic and cultural divide, contributing to mutual understanding and conceptual exchange. A cross-cultural dialogue is, as Fairbairn suggests, a dialogue between the theoretical traditions of CED (in English-speaking Canada) and social economy (French-speaking Canada). It is also a dialogue between distinct experiences in innovation. For example, “the rapidly developing Francophone literature on multi-stakeholder or solidarity co-operatives has no counterpart in the English language” (p. 3).

2.6 Statistical analysis: Limitations and delimitations
Statistical data collection practices in Canada limit comparative study. As Wagner (2006) details, co-operatives are largely regulated provincially. The use of different time intervals and statistical categories can frustrate comparisons. Moreover, financial and non-financial co-operatives are often surveyed with different supervisory and regulatory intent. Québec collects comprehensive sector data and makes it accessible to the public on a sector-by-sector and region-by-region basis, including employment and membership information. While Saskatchewan data collection is superior to that achieved in some jurisdictions, it lacks the comprehensiveness of its Québec counterpart.\(^\text{11}\)

\(^{10}\) Two examples of the discursive segregation of co-operative studies are MacPherson (1979) and Mungall (1986), both of which restrict their accounts to English-speaking Canada. Despite the fact that 234 of the country’s 350 worker co-operatives were located in Québec, none of Mungall’s sixteen cases is drawn from that milieu. Ironically, she reports that when asked about the diffusion failure of this innovation to English-speaking provinces, the Co-operative Secretariat’s Alain Roy said: “We don’t have the day-to-day habit of working together. Anglophones have to go to Québec if they want to benefit from our experiments” (p. 6).

\(^{11}\) Moreover, there has been some dispute over what should count as a ‘co-operative’ in the Saskatchewan case. As Fairbairn et al. (1993) suggest, 208 of the 438 new co-operatives reported in Saskatchewan from 1987 to 1992 were actually economic development co-operatives, mostly Small Business Loans Associations. These are government-funded local loan circles. Promoted to deliver a government program, they may well be effective small business financing mechanisms but it is far from clear that they embody the co-operative principles and constitute a form of co-operative development (p. v). Arguably, these government-dependent entities actually undermine co-operative development by using collective action to divert potential co-operative formation in favour of small investor-owned firms. Compared to the substantial education, commitment and autonomy that characterizes childcare, worker or housing co-ops, it could be argued that the inclusion of these ‘faux co-ops’ skews statistical reports in a way that conceals the decline of effective development in Saskatchewan.
The federal government’s national statistics on non-financial co-operatives (available through *Co-operation in Canada, 1941 – 94; Cooperatives in Canada, 1995 - *) track co-operatives only since 1941. Between 1978 and 1993 this source aggregated Western provincial data into a regional cluster (i.e. the West), making comprehensive province to province comparisons impossible.

Finally, non-reporting is a problem for data collection. The Secretariat corrects for this problem, where possible, by estimating from prior years’ reports. It estimates its statistics capture about 90 percent of Canadian co-operatives. However, it is likely that the smallest and most distressed co-operatives in their earliest stages comprise the bulk of missing reports. This understates both growth overall and the contribution of emerging sectors in particular (Wagner, 2006, pp. 5-13). Since these sectors are the focus of this study, this poses another limitation to quantitative analysis.

To address these statistical gaps and mismatched data-sets, the study borrows from available sources of empirical data, assembling as comprehensive and coherent an account as the available data will allow. As a result, some aspects of development are more fully elaborated than others. This may unintentionally telescope or skew the importance of particular factors or periods. In any event, since quantitative analysis can describe but not explain these processes, and the quantitative record is limited, the study is based largely on qualitative methods.

2.7 Indexing development action

This study strives to be both academically rigorous and practically responsive and relevant to unfolding currents of movement action. The interview guide (Appendix A) and cross-case comparisons in chapter 8 are thus organized in terms of a movement benchmarking tool developed by the CCA’s Cooperative Development Strategy Council. While this academic investigation is not a collaborative exercise in action research, it does draw on one important lesson from action research: that critical reflection on development practice by practitioners themselves provides more useful grounds for
reform and improvement than academic studies that are abstracted from actors’ subjective self-understandings.

Statistics can only describe the co-operative development gap between Québec and Saskatchewan; they can not explain it. They are thus supplemented by historical case studies which rely both on academic theory (summarized in chapter 1) and the “seven pillars model” promoted by leaders of the English-speaking Canadian co-operative movement (CCA, 2007a). This movement-generated definition of the situation identifies seven benchmarks for success in co-operative development. This study applies their measures to investigate the roots of these movements’ diverging development paths; to test the explanatory power of this movement framing; and to assess the balance of managerialism versus developmentalism in the two movements.

To the extent movement leaders act on their understandings of what needs to be done, as codified in the seven pillars, they are actively engaged in a regenerative practice; to the extent they acknowledge what needs to be done but fail to act, they are passive in the face of degenerative processes. As a sensitizing device to how and why movement actors act, or fail to act, along various dimensions of development practice, it is argued that the seven pillars model provides a useful exploratory and explanatory conceptual tool; it helps us move beyond the descriptive findings of statistics alone and into the inner-life, and development discourses, of the movement cultures themselves. It enhances interpretive understanding.

2.7.1 The seven pillar model of co-operative development
In English-speaking Canada, the Canadian Co-operative Association, along with provincial apex affiliates such as the Saskatchewan Co-operative Association, plays an important role in setting the agenda for development. The CCA’s Co-operative Development Strategy is a statement of vision, guiding principles, goals, and strategies. Developed by its Co-operative Development Strategy Council and unveiled at the 2007 CCA Annual General Meeting, this text is an important expression of the movement’s efforts to drive co-operative development in the globalization era. As the dominant
“espoused theory” of the movement, it has also influenced the official “theory-in-use” through which English-speaking sector leadership have recently acted. This text thus provides important insight into the development of movement vision, mission, and strategy for co-operative development in English-speaking movement circles.

The seven pillars (Table 2.1) serve as an important conceptual foundation for the movement’s development strategy. They also provide practical guidance to provincial and sectoral affiliate organizations and the full range of member co-operatives across

**Table 2.1 The Canadian Co-operative Association’s Strategic Pillar Model**

<table>
<thead>
<tr>
<th>1. Co-operative sector leadership &amp; support</th>
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<tbody>
<tr>
<td>2. Outreach &amp; promotion</td>
</tr>
<tr>
<td>3. Public policy/ program funding/ legislation</td>
</tr>
<tr>
<td>4. Capitalization</td>
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<tr>
<td>5. Technical assistance</td>
</tr>
<tr>
<td>6. Sector development</td>
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<tr>
<td>7. Research</td>
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English-speaking Canada. Informed by decades of aggregate and cumulative movement experience, this text illuminates how the development values of English-speaking Canadian co-operative leaders (including those in the Saskatchewan movement) may diverge from their actual practices, policies, and theories-in-use.

Provincial movements committed to development might be reasonably expected to have taken significant action on each of these benchmarks. Indeed, the extent to which they have done so might reasonably also be considered indices of a developmental movement
identity; a movement committed to regeneration, extending democratic participation, and recentring movement values against entropic tendencies. Conversely, the extent of failure to act on these priorities for development action might be equally considered evidence of a managerial movement identity; a degenerating movement without a commitment to development action, or lacking the participatory values of an expanding, democratic movement. In chapter 8, case study findings are compared along each of these seven axes as evidence of an active, programmatic commitment to building a developmental movement or lack thereof.

**Pillar 1: Co-operative sector leadership and support**

This pillar expresses co-operative development as a purposeful project requiring sector leadership. Contending factions may disagree as to whether leadership includes the direct provision of practical and financial support by established sectors, how the costs might be shared, or what form of leadership (or whose) might be most appropriate. However, the main message as set out in the CCDS guiding principles is unambiguous: “Co-operative development strategy should be led, owned, and supported by the co-operative sector” (CCA, 2007), and hence not by the state. As defined by English-speaking Canadian co-operatives, sector leadership and support thus constitutes one index of a developmental movement.

**Pillar 2: Outreach and promotion**

This pillar expresses the need to go beyond the already existing movement, to identify and engage constituencies of need and opportunity, and to communicate the benefits of the model to these potential adopters of co-operative innovations. Recent studies have also emphasized the importance of educational efforts (NTFCD, 1984; Hammond Ketilson, et al., 1992; Fairbairn, et al., 1993) to foster popular economic literacy and support emerging proponents. On the federal stage, the development of the Co-op Zone website is one good example. It is an inquiry-driven information source that can reach dispersed individuals looking for further information, responding to our increasing use of
Internet sources.\textsuperscript{12} Outreach and promotion thus constitutes the second index of a developmental movement.

**Pillar 3: Public policy / program funding/ legislation**

While it is clear the Anglo-Canadian movement does not want development programs to be state-led, its ranks also recognize the importance of apex organizations as lobbyists for a supportive policy framework for development. As the National Task Force of Co-operative Development (1984), Hammond Ketilson et al. (1992), Fairbairn et al. (1993), Loxley and Simpson (2007), and Adeler (2009) have argued, co-operative development requires an enabling policy environment. At the federal level, the successful lobby for the Co-operative Development Initiative (CDI), a state-funded, sector-managed funding pool which makes seed grants available to emerging co-operatives through the CCA and CCCM, indicates progress on this front. Supportive state policy therefore constitutes the third index of a developmental movement.

**Pillar 4: Capitalization**

The research literature is unambiguous about the crucial role of financing in co-operative development (NTFCD, 1984; Cornforth, et al., 1988; Thomas, 1993; Fairbairn et al., 1993; Hammond Ketilson et al., 1992). The paucity of such funding in English-speaking Canada is also well documented (Notwell, 2010). Recent campaigns by the CCA to have the federal government establish a $50 million venture capital fund and provide Québec-style tax incentives are important steps in this regard. The effective coordination of solidarity finance is the fourth index of a developmental movement.

\textsuperscript{12} Another important measure is the launch of a new Co-operative Development Information Service, March 31, 2010, providing an additional point of contact for groups interested in new co-operative development. Significantly, this is a CCA / CCCM joint-initiative, pooling the know-how of the otherwise segregated French and English-speaking movements and thus bridging important structural holes between movement proponents and experts and between French and English-speaking movement experience.
Pillar 5: Technical assistance

Technical assistance also plays a well-documented role in new start-ups (NTFCD, 1984; Cornforth et al., 1988; Côté, 2007; Fairbairn et al., 1993), particularly in emerging sectors. For example, housing co-operatives demand a high level of technical expertise (Cole, 2008). The worker co-operative movement requires a profound shift in workplace roles and culture (Benello, 1982). Of course, co-operators may differ on appropriate delivery agents (e.g. apex organizations, sector federations or freelance developers), the value of “soft-side” development (e.g. group skill building) and “after-care,” but the basic need is clear. Solving the technical assistance problem is therefore the fifth index of a developmental movement.

Pillar 6: Sector development

This pillar stresses targeted strategies for the dissemination of co-operative models, implying support to specific sector federations. As Cole (2008), Goldblatt (2000), and Cornforth et al. (1988) document, individual sectors such as housing and worker co-operation face specific dilemmas, require their own expert understanding and feature unique mobilization networks. Strong sector apex organizations and specialist technical resource groups can best roll out coherent and effective strategies to strengthen those sectors (NTFCD, 1984; Fairbairn et al., 1993; Cornforth et al., 1988). Support to these emerging sector organizations is thus the sixth index of a movement committed to development.

Pillar 7: Research

This pillar was an “afterthought” at the Council’s second meeting. Its late addition reflects an uneasy relationship between the co-operative movement and the academy. On the one hand, including the research community as an important factor of development is certainly consistent with historical experience. From the role of university fieldworkers in the Antigonish movement to the prodigious scholarly output on co-operative development, the Canadian co-operative movement has certainly benefited from the work of co-operative scholars and educators over the decades. (Ironically, the seven pillars text
is itself a product of the intellectual cross-fertilization of movement and academy over
the last few decades. Illustrative are the National Task Force on Co-operative
Development (1984), Hammond Ketilson et al. (1992), and Fairbairn et al. (1993). The
sector has often also provided generous funding to research and education. On the other
hand, late recognition of the role of research and its placement at the bottom of the list
also reflects the wariness that also dogs the relationship in English-speaking Canada.\textsuperscript{13}
Progress in co-operative research is therefore the seventh and final index of a movement
acting on developmental aims.

\subsection{2.8 Reconciling scientific and movement validity}

This study’s semi-structured interviews ground the analysis in an understanding of
movement actors’ interpretive frames and forms of strategic conduct. Similarly, drawing
on the CDSC document both widens the study’s evidentiary base and narrows the theory-
practice divide by further illuminating the strategic understanding of movement leaders.
Through espousing a theory of what should be done, they seek greater clarity on their
situation. This movement-based document is thus an important element of their efforts to
renew and revitalize development.\textsuperscript{14}

\textsuperscript{13} Among the conflicts which routinely strain community-university relationships are mismatched time-
horizons, diverging interests and priorities, cultural and discursive differences which strain effective
communication, episodic rather than ongoing relationships, and a lack of trust.

\textsuperscript{14} Building on Vygotsky’s social learning theory (1978), an adult education method is implied in this
approach. In Vygotsky’s conception, dialogue, “cultural mediation,” and “scaffolding” are crucial to the
learning process. Where children have concepts that are unsystematic, disorganized, and spontaneous, he
argued, the role of the learning facilitator is to “match” interventions with more systematic, logical and
rational concepts that build organically on the children’s already existing capacity to understand alone.
Vygotsky distinguished between what children could do alone with what they could do with help as the
“zone of proximal development.” He argued that learning interventions should build “scaffolds” on
children’s prior learning to consolidate new learning. As Tinsley and Lebak (2009) have argued, the
process of adult learning also requires cultural mediation and can benefit from scaffolding strategies that
build on the experience and understanding of learners themselves. They suggest adult education should
pivot on a “zone of reflective capacity.” This zone focuses attention on the way in which an adult’s
capacities for reflection can expand when he or she collaborates with other adults who share common
objectives over an extended period of time. Tinsley and Lebak found that, by sharing feedback, analyses,
and evaluations of each other’s experience, collaboration expanded their potential for critical reflection.
The zone of reflective capacity expanded as trust and mutual understanding among peers grew.
Including the stated concerns and understandings of movement leaders in this study—through textual analysis and interviews—can facilitate a more experientially and culturally accurate and relevant framing of the problem. This method of cultural mediation permits an indirect pooling of experience by gathering multiple perspectives to report to that public. Although publication is not a face-to-face interaction, this strategy can also support strategic reflection about movement options. Semi-structured interviews and the seven pillars text provide apt starting points for such a dialogue.

Of course, this movement text was formulated by a small group in 2007 and is therefore the product of a small sampling of sector opinion at one fleeting moment in time. It is not a scientific theory. However, as leading co-operative sector personnel under a mandate from representatives of the English-speaking national movement at large, this council also represents an important pooling of movement knowledge and experience. This collective effort is an important expression of the movement’s self-understanding and accumulated learning; it illuminates a “thematic universe” (Freire, 1985, pp. 75–118) and important gaps, questions, and possible misunderstandings that may obstruct progress. It is an expression of the dominant philosophy of practice guiding the English-speaking Canadian movement through this critical period of challenge and change. Performance against this benchmarking tool also thus serves as a useful index for developmental movement orientations.

This interpretive approach strives to lend an element of responsiveness, realism, and relevance to this work for movement practitioners. Working to ground this study in the lived realities of civil society and addressing publics beyond the university domain, this effort might also be considered a project in “public sociology” (Clawson, 2007). This implies a commitment to a clear, vigorously journalistic style of writing and to supporting 15

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15 This pedagogic approach also builds on the educational guidelines developed by Harold Chapman for the Western Co-operative College: “1. Problems need to be considered important to those expected to solve them; 2. Start where people are—not where we think they are or would like to be; 3. A person cannot transfer his/her knowledge and skills to another—the other must go through a learning process; 4. Significant learning takes place when facts and information are integrated into the experience of the learner; 5. A person feels more responsible for what s/he helps to create” (Crewe, 2001, p. 23).
the central involvement of the public, particularly co-operative and social movement actors, in resolving these public issues.\(^\text{16}\)

In the language of action research, bridging academic research and movement action can build the democratic, dialogic, catalytic, and outcome validities of the research: “democratic validity” energizing participants to critical reflection and action; “dialogic validity” generating meaningful dialogue among participants; “catalytic validity” sparking increased commitment to reflection and action; and “outcome validity” developing a meaningful resolution of the problem (Gall, Gall & Borg, 2007, pp. 610-611). This study thus strives to satisfy a dual accountability: to the rigorous social scientific standards of validity and reliable methods of inquiry; and to research that is relevant and accessible to co-operative movement actors and the democratic memberships they represent.

This choice to be accountable to both academic and movement standards of social research reflects the author’s own dual positionality. On the one hand, as a professional academic, my occupational focus is on impartially applying scientific reason and methods to the available evidence. On the other hand, as a democrat and someone who spent fifteen years establishing a Saskatchewan worker co-operative, my ethical commitment is also to putting those scientific findings at the service of democratic movements which seek to advance the public interest. The alternative, of course, is to restrict the circulation of that knowledge to the very exclusive ranks of other academic specialists; that is no less of a political choice but it is a substantially less democratic one in my view.

This dual positionality represents both a study limitation and strength. It is a limitation insofar as my democratic value-orientation and first hand experience—as as an activist in an emerging sector, married to another worker co-operative organizer—may skew my

\(^{16}\) As Mills (1959) has argued, the frequently unintelligible character of much social scientific prose is complicit in a serious crisis in literacy. It impoverishes public discourse, public involvement, and democratic possibility. Ironically, he notes that “in many academic circles today anyone who tries to write in a widely intelligible way is liable to be condemned as a ‘mere literary man’ or, worse still, ‘a mere journalist’” (pp. 217-8). Hedges (2009) provides a more recent critique of the prevailing “illusion of wisdom” (pp. 89-114).
perceptions. In this study, references to Hullabaloo Publishing Workers Co-operative—which my wife April Bourgeois and I helped launch, and the Western Labour Worker Co-operative Council, the Canadian Worker Co-operative Federation, or the Saskatchewan Co-operative Association—with which my wife was active, are most likely to be invested with strongly felt beliefs, informed by experiential movement learning. Certainly my democratic values, commitments, and subsequent experiences have engendered a critical understanding of assorted forms of anti-democratic dysfunction within popular movements. These also represent possibly unexamined biases against which I have endeavoured to be vigilant. Conversely, a pseudo-scientific posture of detachment involves its own biases, as the professional self-interests of academic careerism often hide behind a false pretense of “objectivity” and “value neutrality.” In fact, of course, our personal and institutionalized values invariably bleed into the research; in topic selection; in theoretical and methodological choices; and in the choice of whom our research serves—particularly if it principally serves our own career advancement. Indeed, it can be argued that my dual positionality as both practitioner and theorist may equally enable a critical detachment from the institutionalized biases of academic research; a deeper, first hand understanding of the co-operative movement; and a dialogical encounter between the scholastic interests of what Gramsci has called the “traditional intellectual” and the developmental interests of the “organic intellectual” (Boggs, 1973; 1984). To the extent this is true, it may well also be argued that my dual positionality is a methodological strength of the study; an advance over professional knowledge monopoly and the preponderant dependence on the voices of movement elites; and a contribution toward a more pluralist and democratized field of study in which the interests and voices of subaltern movement constituents are given more inclusive and accurate representation.

2.9 Fieldwork and semi-structured interviews: Limitations and delimitations
As an early fact-finding measure, the author participated in a September 26 – 29, 2006, study-tour of the Québec development system. This included site visits and presentation
and discussion sessions with nineteen key informants on co-operative development in Québec. The organizations represented were:

- **Direction des coopératives, Ministère du Développement économique, de l’Innovation et de l’Exportation** (Cooperatives Directorate, Québec Ministry of Economic Development and Trade);
- **Investissement Québec** (Investment Québec);
- **Caisse d’économie solidaire Desjardins** (Desjardins solidarity credit union);
- **Filaction** (Labour-sponsored venture capital fund for co-operatives);
- **Fédération des coopératives de développement régional** (Federation of regional development co-operatives);
- **Coopérative de développement régional Québec-Appalaches** (Regional development co-operative of the Québec-Appalaches region);
- **Maison Alphonse-Desjardins** (Museum in the historic Levis home of Alphonse-Desjardins);
- **Conseil québécois de la coopération et de la mutualité** (Québec council of co-operation and mutuality);
- **Fédération des caisses Desjardins du Québec** (Québec federation of Desjardins credit unions);
- **Fédération québécoise des coopératives forestières** (Québec federation of forestry co-operatives);
- **La Barberie** (A worker co-operative brewery);
- **Coopérative de services à domicile du Cap Diamant** (Cap Dimant home care services co-operative);
- **Citadelle, coopérative de producteurs de sirop d’érable** (Citadelle maple syrup producers co-operative);
- **Coopérative d’habitation La Corvée** (La Corvée housing co-operative);
- **Coopérative de solidarité en soins et services de St-Camille** (St-Camille home care solidarity co-operative);
- **Coopérative des techniciens ambulanciers de l’Outaouais** (l’Outaouais paramedics worker co-operative);
• *Librairie coopérative du CÉGEP de Sainte-Foy* (Student bookstore co-operative at Sainte-Foy college);
• *Coopérative funéraires des Deux Rives* (Two shores funeral co-operative); and
• *Coopératives des artisans et commerçants du quartier Petit Champlain* (Quartier Petit Champlain artists and merchants co-operative).

This study-tour also provided for discussions with other tour participants, including senior officials from the CCA, the British Columbia Co-operative Association, and the Government of Saskatchewan. To provide additional depth and fill in further gaps in the analyses, over two dozen semi-structured interviews were also conducted: seven in Québec and three in Ottawa in the summer of 2009; and seventeen in Saskatchewan in the summer of 2010. The target population for interviews was a purposeful sample of meso-institutional players, well positioned to inform the analysis of these provincially-bounded systems. Interviews in Québec and Saskatchewan were supplemented with federal sources to aid in contextualizing and comparing the provincial cases. The objective was to pinpoint specific, English-speaking informants in a segmented set of fields (such as established and emerging co-operative leaders, CED leaders, social economy leaders, academics in the field, or government and CSO personnel). These perspectives helped triangulate and build case reliability. In keeping with the emergent design, I also used the snowball method to locate supplementary respondents. Given the division of co-operative fields between old co-operatives and new co-operatives and

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17 Staggenborg (2002) distinguishes meso-mobilization actors, which coordinate groups and networks, from micro-mobilization actors, which mobilize individuals. This methodological approach shifts the frame from individual co-operative organizations (the firm) to the larger context, ecology and mobilizing structures (the movement) through which new co-operative development is nurtured or suppressed. For individual co-operatives ultimately are embedded in social movement networks as well as a co-operative movement community. It is in these networks and in this movement community that movement-building collective action campaigns are constituted.

18 As Sayer (1992) has suggested, methodological openness is itself a purposeful sampling technique because the causal structure of the field comes into clearer view through the research: “Intensive research focuses mainly (though not exclusively) on groups whose members may be either similar or different but which actually relate to each other structurally or causally…. One contact leads to others with whom they are linked, so that we build up a picture of the structures and causal groups of which they are a part” (p. 244).
emerging and established sectors, special effort was made to ensure a balanced sample of informants to help understand the difference of perspectives. These informants included:

- A senior leader in the *Chantier de l'économie sociale*, a non-profit organization administered by 28 representatives of various networks of co-operatives, non-profits, community development organizations and social movements;

- A professor specializing in co-operatives in Québec;

- A professor specializing in social innovation;

- A staff person with a solidarity finance institution;

- A former staff member with *La Fédération des coopératives de développement régional du Québec*;

- A civil servant with the Co-operatives Directorate, Québec Ministry of Economic Development and Trade;

- A worker co-operative developer and consultant from Québec;

- A long-time leader in emerging co-operative sector development;

- An executive with the Canadian Co-operative Association;

- An associate with the Canadian Worker Co-operative Federation;

- A co-operator associated with Access Communications;

- A co-operator associated with the *Conseil de la Coopération de la Saskatchewan*;

- A retired civil servant, serving the co-operative sector in Saskatchewan;

- A co-operator associated with the Farmer Direct Co-operative;

- A senior officer with the Saskatchewan Federation of Labour;

- An activist involved with the Childcare Advocacy Association of Canada;

- A professor specializing in co-operatives in Saskatchewan;

- A Western Labour Worker Co-operative Council member;

- An activist involved with a Saskatchewan training and employment co-operative;
• An associate with FCL Ltd;
• An associate of the National Farmers Union;
• An associate with the Co-operative Housing Association of Saskatchewan;
• An associate with the Co-operative College of Canada;
• Activist involved with Saskatoon’s Quint Development Corporation;
• An associate with the Saskatchewan Co-operative Association;
• A doctoral candidate in Co-operative Studies; and
• An associate with the Saskatchewan Credit Union system.

In all cases, the same interview guide was used (Appendix A). To avoid expense and distortions of translation and interpretation, all informants were fluent English-speakers and all interviews were conducted in English. Since the author is not fluent in French—and was unable to either interview in French or read the French-language literature—the author’s over-reliance on English-speaking sources and translations is a major limitation of this study. However, given gaps in the comparative literature and the significance of the topic, a study limited by language seems better than no study at all. Fluent English-speakers in Québec may tend to be better educated, more affluent, and less likely to identify with sovereignist and working class movements than unilingual Francophones. In addition, there is the “official source bias” implicit in a research design that focuses on leadership ranks—often populated by urban, male, white, middle-aged professionals. The research method attempts to control against such biases through careful source selection. The interview guide (Appendix A) also includes questions designed to probe class and ideological affiliation.

Full anonymity was granted to encourage frank comment. Respondents were advised, at the beginning of each interview, that their identities would not be disclosed and that direct quotations would not be used. There were three reasons for electing to use summary or paraphrasing rather than direct quotations. First, this tactic provided added
reassurance to informants that they could speak candidly. Many of these respondents are embedded in dense and delicate working relationships, where their views may be well known or phraseology easily recognized. While it could be argued that anonymity, masking, or the use of composite identities would provide objectively sufficient protections, the principal concern was with the informants’ subjective feeling. Opting for both anonymity and paraphrasing demonstrated extra vigilance to protect their anonymity; it was intended to build trust and comfort levels, similar to journalists’ invitation to sources to “go off the record” when they know they will be unable or unwilling to speak otherwise. In the author’s view, this tactic eased interview anxiety, helped establish positive rapport, and facilitated more frank, open, and productive conversation. While this added protection may have had different salience to different subjects, and its efficacy is impossible to establish definitively, this was the principal intent of the choice.

This comfort level was crucial to the project’s success for several reasons. In the author’s view, building trust with strangers—many of whom may have reason to distrust Anglophone student-researchers—had to be a priority to secure candid comment about delicate issues such as sovereignty, sector-state relations, and inter-movement rivalries, for instance. Those relationships could be strained by citation that, even without attribution, could expose their identities or cast doubts or suspicions over others. Such citation might, for instance, be taken to be the words of person X when they are not. Respondents would be wisely reluctant to say anything that might undermine trust and cohesion in the often strained and fragile networks within which they work, thus sanitizing their accounts and distorting the study’s findings.

Informants’ everyday political instincts are often to represent their own organizations in the most positive possible light, to choose their words carefully and to avoid critical comments or comments that might “get around.” This assurance that their comments were truly off the record was intended to establish a clear break between their everyday discourse and the level of critical reflection and honest assessment that the study sought. This choice resulted in a trade-off against first-hand quotations that would have added
further depth, colour, and insight to interpretive frames, but it also protected informants’ freedom of expression. It decreased the incentive to gloss their comments, pull their punches, or recant / massage the interview material when quotations were submitted for their clearance. This climate of complete protection yielded fuller, less guarded, and less distorted accounts of their experience and thus a more authentic and stronger evidentiary base for the study.

Second, unattributed paraphrasing allows a focus on the concurrence of multiple respondents on key themes, which builds the reliability of each position. While an informant’s position can be easily dismissed, a consensus or a constituency of opinion cannot.

Third and finally, a technical reason to adopt paraphrasing as a rule was consistency of style. While only one subject expressed a willingness to be cited directly, the researcher’s view was that the coherence and balance of the overall narrative would suffer if some informants were quoted directly, even without attribution, and others were not.

As with any exploratory study, design elements have emerged in the course of the research. However, the scope of this study is limited geographically, historically, and by sector. This study does not deal with mixed enterprises such as investor-owned firms with employee share purchase schemes. It neither addresses the co-operative sectors of other regions nor offers an account of the pre-globalization era (i.e. pre-1980), except insofar as it is necessary to illuminate the historical context.

Further, while the decentralist and community-based nature of co-operative development often results in the unplanned diffusion of innovation, the concern of this study is with the active, strategic, and planned dissemination of co-operative innovation beyond mere passive response to grassroots initiatives. The focus is on the emergence of co-operative development systems. Similarly, while established sectors have well developed internal structures to develop new “franchises,” or the “simple replication” of retail co-operative or credit union branches, the concern of this study is not with the growth or “franchising”
of established sectors but with the strategic development of new co-operatives and emerging sectors. The greatest potential for growth, and the greatest need for external support and facilitation, exists in these emerging sectors. In the language of the CCA Development Strategy, primary focus should be on the necessary conditions for new “sector development.”

2.10 The special case of the worker co-operative sector-movement

Finally, a comprehensive account of the diversity of emerging co-operative sectors is beyond the scope of this work. I have therefore focused principally on one sector—the worker co-operative sector—for four reasons. First, this movement has emerged as a global leader in new co-operative formation since 1980. By 2000, worker co-operatives accounted for 25 percent of all jobs in Québec’s non-financial co-operative sector, greater than any other non-financial co-operative sector (Québec, 2003, p. 17). In contrast, the Saskatchewan worker co-operative sector employs less than one percent of the non-financial co-operative work force (Co-operatives Secretariat, 2007). As an extreme case, the worker co-operative thus provides a particularly revealing comparative index of co-operative development performance and movement degeneration / regeneration in the two provinces.

Importantly, the worker co-operative model has laid the basis for innovative new co-operative development systems such as the Mondragon complex in the Basque region of Spain (Whyte & Whyte, 1991; Cheney, 1999; Oakeshott, 1978) or the La Lega federation in the “Third Italy” (Ammirato, 1996; Earle, 1986; Oakeshott, 1978). It has also acted as a “wedge sector” in the creation of new co-operative models which involve workers as members (Quarter, 1989; Côté, 2007). These new models include worker shareholder co-operatives, student co-operatives, and solidarity co-operatives (Quarter, 1992; Jordan, 1989; Girard & de Bertoli, 2004). The worker co-operative campaign of the early eighties signaled openness to innovation and inclusion, and an emerging capacity and willingness to scale up and modernize Quebec’s co-operative development system. By contrast,
Saskatchewan’s missed date with worker co-operation both reflected and reinforced that movement’s inertia and degeneration.\(^{19}\)

This “reinvention of innovation” (Rogers, 1995, pp. 174 - 180), led by, but not restricted to, the worker co-operative movement, suggests new paths for contemporary co-operative development. As established sectors mature and approach their expansion potential within a given industry-market, emerging sectors that include workers in governance can diversify the movement beyond its strongholds in agricultural, financial, insurance, or retail sectors. These emerging sectors thus represent the greatest potential for new co-operative growth. In conditions of continuing urbanization, they can also assist the movement to reach out to working class and urban constituencies, rebuilding on more secure foundations.\(^{20}\) Moreover, in a period of global recession and recovery—in which viable businesses are placed at-risk, first by stalled private capital markets and then by curbed public spending—the worker co-operative sector has much to offer counter-cyclical employment and regional and inner-city development strategies.

Second, worker co-operatives are perhaps the most structurally vulnerable of all co-operative sectors. As Quarter (1992) argued in the context of the boom of the early nineties, “in spite of high levels of growth at present the worker co-operative has proven to be the most difficult of all forms of co-operatives to sustain” (p. 28). These difficulties have, therefore, generated considerable literature on the role of technical assistance and

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\(^{19}\) Of course there is a complex ensemble of extenuating circumstances that militated against innovation, as the study details. These include issues around the agrarian base of the movement, state-hostility toward the model, and a failure to overcome the distrust of the labour movement. However, none of these elements of the failure to coordinate a successful worker co-operative campaign obviates the central problem of an agrarian-based movement in crisis, preoccupied with defensive retrenchment, and reluctant to focus on ‘broadening out’ the movement.

\(^{20}\) There is compelling evidence that there is significant untapped potential in non-traditional constituencies for co-operative development. In addition to the broad-based backlash against corporate globalization (Klein, 2007; Stiglitz, 2003), demonstrated by the protest waves of recent years and intensified by the 2008 stock market crash, many young and immigrant workers in particular resent the trend to McJobs and “talent under-employment” that has been exacerbated by increasing educational attainments (Livingstone, 2004). As Findlay (2004) notes, this has a precedent in the wake of the Industrial Revolution: “the new economy required a better educated labour force but could not fully control what that force would do with its expanded literacy and numeracy” (p. 25). Rising anti-authoritarianism and on-the-job self-actualization values (Nevitte, 1996) also increase the appeal of workplace democratization.
solidarity finance in worker co-operative development (Benello, 1982; Russell, 1991; Cornforth, 1988; Cornforth & Thomas, 1990; Webb, 1987; Thomas & Cornforth, 1989; Krierman & Lindenfeld, 1992; Meek & Woodworth, 1990; Thomas, 1993). This knowledge has benefited the broader family of emerging co-operative sectors and the social economy which face similar obstacles.  

Third, the worker co-operative movement is a hybrid movement. It belongs to a wider social movement family that extends beyond its associations with other co-operative sector-movements alone. This wider association includes, most obviously, the labour movement. As a sector that is often non-unionized, and is viewed as a potential source of downward pressure on wages in unionized sectors, its relationship with the wider labour movement can be frequently strained. On the other hand, in its commitment to worker self-management and alliances with the labour movement, the sector can also find itself at uncomfortable odds with the more conservative, managerial elements of the co-operative establishment. This “black sheep” status sheds some light on the difficult political process of mobilizing social movement coalitions to support new co-operative enterprise formation generally. It provides valuable insights, too, into both the problem of inter-movement rivalries and the potential of the worker co-operative sector to act as a bridge to inter-movement cohesion. It illuminates also the intra-movement tensions between emerging sector innovations and established sector conventions. For example,

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21 Indeed, the migration of the founders of the “invisible college” (Rogers, 1995, p. 44) of worker co-operative studies through the eighties and nineties, such as Cornforth (1988) and Quarter (Quarter & Melnyk, 1989; Quarter & Wilkinson, 1990; 1995) to leadership positions within the broader problematic of the social economy (Quarter, 1992) is instructive. Rather than the informal network of researchers gathered around the worker co-operative problematic eroding, we find the network reconstituting itself around the social economy as a new and broader common focus. This shift reflects the transfer potential of the knowledge produced through these seminal worker co-operative studies. It also reflects a radical recognition of the fundamentally dependent relationship, or embeddedness, of worker co-operative development prospects within the larger fortunes, and policy and program achievements or ‘system effects’ (Rogers, 1995, p. 25) of the social economy. As this theoretical model suggests, the kind of networking and alliance strategies pioneered by the worker co-operative movement are crucial to the prospects of emerging co-operative and social economy sectors generally.

22 Less obvious is its affinity toward the fair trade movement, also driven by a quest for fair wages and working conditions. Examples of Canadian worker co-operatives which act as a conduit for fair trade include Just-Us Coffee (http://www.justuscoffee.com/) and La Siembra (http://www.cocoacamino.com/en/about_coop.php).
the special role and methods of democratic management in worker co-operatives provides important insights for other co-operative sector managers who seek democratic and developmental objectives that effectively mobilize members and workers and transcend conventional, and self-defeating, corporate-style managerialism. The worker co-operative sector is simply a special case that tells us a lot about co-operatives’ developmental potential, their wider social movement family, and the dynamics which their overlaps express.

Fourth and finally, as noted above, my own background is in the worker co-operative sector and I thus feel best equipped to build on that first hand experience.
CHAPTER THREE

GLOBALIZATION AND THE CO-OPERATIVE DEVELOPMENT GAP:

Over the last century, co-operation has played a decisive role in weaving the economic, socio-cultural, and political fabrics of Québec and Saskatchewan. While the comparative scale of co-operation in these provinces provides important context, the focus of this chapter is the recent divergence in their scope, growth, and significance.

Both movements have had a strong historical presence, often dominant positions, in many major sectors (Hammond Ketilson, 1998; CCA, 2007a, 2007b). For example, in the year 1900, the Desjardins caisses populaires (credit union) movement emerged from the kitchen table of its founders Alphonse and Dorimène Desjardins in Lévis, Québec (Birchall, 1997). Within the span of a century it had become the largest private employer in Québec (CCA, 2007a; ICA, 2009). By the year 2006, Québec’s family of non-financial co-operatives, caisses populaires, and insurance mutuals boasted over 3200 enterprises, sales of over $20 billion, and assets of over $130 billion. This powerful movement had over 7.7 million members and generated almost 81,000 jobs (CCA, 2007a, p. 1). Québec co-operatives were over twice as likely as private businesses to survive ten years (Bond et al., 2003, p. 22), yielding a durable sector.

However, the start-up rate for co-operatives in Québec also indicated a new vitality at the close of the twentieth century. Annual start-ups were on a very sharp incline, nearly doubling from 85 in 1995 to 169 in 2000. During this period, the number of jobs in non-financial co-operatives jumped 46 percent, compared to 9.2 percent for the economy overall. From 2000 to 2006, jobs in the co-operative sector posted an additional 11 percent gain, net sales increased by 43 percent, and assets spiked by 57 percent (Finance,
économie et recherche, Québec, 2003, pp. 16 - 20). This was also a movement characterized by significant innovation. For example, almost half the co-operatives created in 2006 were “solidarity co-operatives,” a multi-stakeholder model introduced only a decade prior (CCA, 2007, p. 1).

Since the great agrarian pool movement of the early twentieth century, Saskatchewan’s economy has also been powerfully shaped by co-operative innovation. Despite a sparse population of around a million, Saskatchewan boasted over 1560 co-operatives in 1996, generating revenues of almost $7 billion, assets of over $9 billion, and employing 14,400 people (Hammond Ketilson, 1998, p. v). However, by 2007, the number of co-operatives had declined to about 1200. This 30 percent decline in one decade was a reflection of consolidation in the financial industry and rural decline. Employment and assets edged up only slightly to 15,000 jobs (4 percent) and $10 billion in assets (11 percent) (CCA, 2007b). While Saskatchewan did not exhibit the intense growth and innovative activity evident in Québec, it nonetheless demonstrated core strength and resilience in its retailing, financial, and insurance sectors.

Table 3.1: Total co-operative sector comparison, Québec vs. Saskatchewan, 2007

<table>
<thead>
<tr>
<th></th>
<th>Québec</th>
<th>Saskatchewan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs (2007)</td>
<td>81,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Jobs per capita</td>
<td>.01</td>
<td>.015</td>
</tr>
<tr>
<td>Assets (2007)</td>
<td>$130 billion</td>
<td>$10 billion</td>
</tr>
<tr>
<td>Assets per capita</td>
<td>$17,333</td>
<td>$10,000</td>
</tr>
</tbody>
</table>


The scale of co-operative enterprise in Québec dwarfs the Saskatchewan co-operative sector in absolute terms, but Québec’s population also dwarfs Saskatchewan’s population. The provinces thus contend more closely for leadership on a per capita basis, as Table 3.1 indicates. Each sector contributes significantly to its provincial economy,
although in different ways. For example, while Saskatchewan co-operatives generate fifty percent more jobs per capita than Québec, the Québec movement’s asset base is seventy three percent greater than Saskatchewan’s on a per capita basis.

Far from marginal curiosities, and despite the high profile de-mutualizations of the Saskatchewan Wheat Pool, Dairyworld, and Lilydale (Fulton & Hueth, 2009), these parallel economic forces continue to drive the mixed economies of Québec and Saskatchewan. They constitute critical foundations for economic development.

3.1 Non-financial co-operatives

A comparison of Canada’s top fifty non-financial co-operatives from 2007 provides some useful indications of the weight and comparative state of established sector strength in Québec and Saskatchewan (see Table 3.2). Of Canada’s leading co-operatives, Saskatchewan accounts for 7 (or 14 percent) of the top tier co-operatives. Québec accounts for 13 or (26 percent). While these provinces’ combined populations account for only 26 percent of the nation’s overall population, their co-operatives account for a full 40 percent of the nation’s top 50 non-financial co-operatives. Clearly, the development paths of these provinces have led to significant divergence from pan-Canadian norms in economic structure. As the shift in rankings illustrates, both provinces’ established sectors are also increasing their historic advantages over co-operatives in other provinces.

For Saskatchewan, two co-operatives (including the top ranked Federated Co-operatives Limited\textsuperscript{23}) held their 2006 rankings. The other five all moved up the chart. Similarly, only one Québec co-operative slipped in rank. Four were steady and eight moved up the ranks. In percentage terms, 61 percent of Québec’s leading co-operatives moved up the ranks from 2006 to 2007. 71 percent of Saskatchewan’s leading co-operatives increased their comparative position in relation to the nation-wide cohort (Co-operatives Secretariat, 2007).

\textsuperscript{23} FCL is based in Saskatchewan but its member retailes span the West. This lack of clear provincial boundaries for the co-operative movement taints the province-to-province comparison somewhat. The FCL case is also indicative of increasing inter-provincial organization of established co-operative sectors. For example, at writing Credit Union Central of Saskatchewan is in merger discussions with the Alberta central, and enabling legislation for federally incorporated credit unions suggests another wave of inter-provincial sector consolidation may lie ahead. Similarly, Desjardins is already expanding nation-wide.
Although Québec has nearly double Saskatchewan’s number of co-operatives in the top 50, Saskatchewan has over four times its per capita weight in the top 50. On a revenues basis, Québec’s top-ranked co-operatives have a margin of only 7 percent over Saskatchewan’s; Saskatchewan’s leading co-operatives hold over a third more assets, at 35 percent. On a per capita basis, Saskatchewan’s top non-financial co-operatives outperformed Québec’s 7:1 on revenue and 10:1 on assets. In full-time employment, Québec’s non-financial sector-leaders clearly dominate with over four times the jobs posted by Saskatchewan’s leading non-financial co-operatives. But once again, Saskatchewan has double the per capita share of employment, since Québec has 7.5 times Saskatchewan’s population base (Co-operatives Secretariat, 2007).

What is perhaps most revealing about these rankings is what they tell us about the long-range comparative structure of the two provinces’ co-operative sectors, and what questions they raise about these divergences. For example, in Québec all the old co-operatives that have achieved economic dominance, with one exception, are primarily agricultural (Appendix B). By contrast, by 2007 Saskatchewan had lost the Saskatchewan Wheat Pool and other leading producer co-operatives to mergers and privatization. In fact, all seven leading Saskatchewan non-financial co-operatives are now affiliated with the second-tier Federated Co-operatives Limited wholesale co-operative, including a number of big city co-operatives. While the commanding heights of Québec’s non-financial co-operative sector are heavily dependent on agriculture, the Saskatchewan sector is utterly dependent on its retail federation.

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24 This key setback is discussed in greater detail on pp. 267-8.

25 Arguably, the key to FCL’s success was its foray into oil refining in the Great Depression (Fairbairn, 1989). Retail petroleum sales across its network of retail stores, convenience stores and gas bars, and bulk sales at agri-service centres provide FCL with a significant competitive advantage over competitors like Wal-Mart—which otherwise dominates retail by scope, scale, and penetration of urban markets. This key innovation goes a long way to explaining why consumer co-operation in Saskatchewan has had such enduring and expanding success. Ironically, the privatization of the Saskatchewan Wheat Pool may have strengthened FCL by releasing local member loyalties to the Pool, and driving co-operatives to FCL co-ops for their farm supply purchasing. The Pool’s farm supply sales had more than doubled from 1992 to 1998, representing sales of 448 million in 1998 (Hammond Ketilson et al., 1998, p. 13). Farm supply provides FCL with another key advantage over traditional retail competitors.

26 These findings raise a few questions that are beyond the scope of this study. First, how did Québec protect and maintain its larger agricultural co-operatives where Saskatchewan failed? A related question
Table 3.2 Top 50 Non-financial co-op comparisons, Québec and Saskatchewan, 2007

<table>
<thead>
<tr>
<th></th>
<th>Québec</th>
<th>Saskatchewan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top ranking Cdn co-ops</td>
<td>26% (13)</td>
<td>14% (7)</td>
</tr>
<tr>
<td>Percent of Cdn population</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Top co-ops to population ratio</td>
<td>1.1</td>
<td>4.7</td>
</tr>
<tr>
<td>Revenue</td>
<td>$7.3 billion</td>
<td>$6.8 billion</td>
</tr>
<tr>
<td>Revenue per capita</td>
<td>$973</td>
<td>$6800</td>
</tr>
<tr>
<td>Assets</td>
<td>$2.6 billion</td>
<td>$3.4 billion</td>
</tr>
<tr>
<td>Assets per capita</td>
<td>$347</td>
<td>$3400</td>
</tr>
<tr>
<td>Full time employment</td>
<td>18,281</td>
<td>4,184</td>
</tr>
<tr>
<td>FTE per capita</td>
<td>.002</td>
<td>.004</td>
</tr>
</tbody>
</table>


3.2 Financial Co-operatives

While each province also boasts a range of insurance mutuals, a simple comparison of their credit unions and caisses populaires provides significant insights into the comparative economic structure of each province’s financial co-operative sector (Table 3.3). Since the Canadian top 50 list of credit unions excludes Québec, this table relies instead on provincial and Canada-wide statistics.

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concerns the sole non-agriculture based Québec co-operative, the Fédération des co-opératives du Nouveau-Québec. How did Québec succeed in establishing consumer co-operation in the North when it failed to do so in the South? Similarly, why did earlier efforts in Saskatchewan’s North fail to realize comparable sector consolidation when FCL was so successful in the south? What are the relative implications of the sectors’ lack of diversification at the upper reaches of their movements? These are only a few of the questions of clear significance for co-operation that comparative study of these cases suggests.
As with non-financial co-operatives, both the Québec *caisses populaires* and the Saskatchewan credit unions rank considerably higher than pan-Canadian norms. Key indices include membership, branches, and assets per capita (nation-wide data on employment was not available). The numbers of credit unions per capita in 2007 were relatively even, at well over double the Canada-wide density. Québec had only a modest advantage on a per capita basis. However, Québec led by a wide margin in per capita membership, assets, and employment, a likely result of the two-decade lag in diffusion and widespread adoption of the credit union model in Saskatchewan (MacPherson, 1979, p. 164). Québec has a per capita advantage of 18 percent in assets, 20 percent in membership, and 40 percent in workforce.

**Table 3.3 Financial co-operative sector comparisons (credit unions and *caisses populaires*), 2007**

<table>
<thead>
<tr>
<th></th>
<th>Saskatchewan</th>
<th>Québec</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>524,840</td>
<td>5,500,000</td>
<td>10,846,512</td>
</tr>
<tr>
<td>Members Per Capita</td>
<td>.52</td>
<td>.72</td>
<td>.33</td>
</tr>
<tr>
<td>Credit unions</td>
<td>75</td>
<td>572</td>
<td>1059</td>
</tr>
<tr>
<td>Credit unions per capita</td>
<td>.000075</td>
<td>.000074</td>
<td>.000032</td>
</tr>
<tr>
<td>Assets ($M)</td>
<td>$11,248</td>
<td>$106,000</td>
<td>$209,190</td>
</tr>
<tr>
<td>Assets Per Capita ($)</td>
<td>$11,248</td>
<td>$13,789</td>
<td>$6,352</td>
</tr>
<tr>
<td>FT Employees</td>
<td>3,000</td>
<td>35,493</td>
<td>n.a.</td>
</tr>
<tr>
<td>FTE Per Capita</td>
<td>.003</td>
<td>.005</td>
<td></td>
</tr>
</tbody>
</table>


At a macro-economic level, therefore, the comparative, historic structures of the established Québec and Saskatchewan co-operative sectors come into clearer focus. While Saskatchewan failed to maintain its founding strength in agricultural producer co-operation, which was heavily dependent on the grain economy, Québec’s strengths rest largely on this historic foundation. These are primarily dairy, pork, and poultry—led by *Co-opérative Fédérée*. Its other major foundation is the financial sector, led by its *Mouvement Desjardins*. Saskatchewan’s strengths, by contrast, have shifted to insurance
mutuals, consumer co-operation, and its credit union movement as demutualizations swept the dairy, poultry, and grains sectors. As we will see, the structuring of established co-operative sectors in Saskatchewan and Québec has shaped the economic terrain for movement momentum, direction, and new sector development in the post-eighties period.

3.3 Globalization: The co-operative provinces’ paths diverge

The development paths of these twin movements for economic democracy ran in rough parallel for the better part of a century, before diverging in the eighties. This was an era of globalization-related dislocations that hit both provinces hard. But the nature of the co-operative movement response, and the scope and scale of their achievements, contrasted sharply. A startling development gap opened up, in part driven by the privatization of Saskatchewan’s leading co-operative, the Saskatchewan Wheat Pool. The incorporation rate of new co-operatives and the overall number of members, revenues, and assets all grew rapidly in Québec. La belle province pulled decisively ahead of Saskatchewan.

Table 3.4: The Saskatchewan - Québec development gap, number of non-financial co-operatives, 1985 - 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Saskatchewan</th>
<th>Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>764</td>
<td>895</td>
</tr>
<tr>
<td>1990</td>
<td>864</td>
<td>1433</td>
</tr>
<tr>
<td>1995</td>
<td>967</td>
<td>1650</td>
</tr>
<tr>
<td>2000</td>
<td>991</td>
<td>2032</td>
</tr>
<tr>
<td>2005</td>
<td>845</td>
<td>2257</td>
</tr>
<tr>
<td>Rate of Growth (1985 - 2005)</td>
<td>+ 11%</td>
<td>+ 152%</td>
</tr>
</tbody>
</table>


As Table 3.4 illustrates, the growth rate for non-financial co-operatives in Québec from 1985 to 2005 was almost fourteen times Saskatchewan’s. Moreover, while Québec posted
consistent, cumulative gains in new co-operatives, Saskatchewan’s growth slowed in the late nineties. In the first five years of the twenty-first century, the number of Saskatchewan co-operatives actually fell by fifteen percent. The divergence is even starker when inter-provincial trends in membership, earnings, and assets are compared. In all three categories, Saskatchewan’s sector actually contracted from 1985 to 2005. Meanwhile, Québec posted triple digit growth rates in all categories.

Table 3.5: The Saskatchewan-Québec development gap, membership in non-financial co-operatives, 1985 - 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Saskatchewan (thousands)</th>
<th>Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>508.8</td>
<td>497.2</td>
</tr>
<tr>
<td>1990</td>
<td>503.2</td>
<td>611.4</td>
</tr>
<tr>
<td>1995</td>
<td>502</td>
<td>1148</td>
</tr>
<tr>
<td>2000</td>
<td>518</td>
<td>892</td>
</tr>
<tr>
<td>2005</td>
<td>467</td>
<td>1022</td>
</tr>
<tr>
<td>Rate of Growth (1985 - 2005)</td>
<td>- 8%</td>
<td>+ 106%</td>
</tr>
</tbody>
</table>


As Table 3.5 illustrates, membership in Saskatchewan’s non-financial co-operatives (about 47 percent of provincial population) had dropped by 8 percent from 1985 to 2005, while the Québec co-operative movement had more than doubled its ranks (to 14 percent of provincial population). In part, this reflects rural depopulation, the privatization of dairy and poultry, and the pruning of the rural retail store network. Mostly, it reflects the loss of 35,000 SWP members (Co-operatives Secretariat, 2004). The contrast in non-financial co-operative assets in the two provinces is greater still. From 1985 to 2005, Saskatchewan’s asset base contracted by 12 percent, while the Québec sector’s assets almost quadrupled. Table 3.6 illustrates the widening gap. In Saskatchewan, dairy and poultry facilities were transferred to new owners, abandoned rural stores were written off,
Table 3.6: The Saskatchewan-Québec development gap, non–financial co-operative assets (in $M), 1985 - 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Saskatchewan ($M)</th>
<th>Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>1,130.8</td>
<td>1034.3</td>
</tr>
<tr>
<td>1990</td>
<td>1,314.6</td>
<td>1,687.7</td>
</tr>
<tr>
<td>1995</td>
<td>1,725.9</td>
<td>2,552.7</td>
</tr>
<tr>
<td>2000</td>
<td>2,389.1</td>
<td>3,043.2</td>
</tr>
<tr>
<td>2005</td>
<td>989.8</td>
<td>3,859</td>
</tr>
</tbody>
</table>

**Rate of Growth (1985 - 2005)**
- 12%  + 273%


and $700 million in SWP assets were transferred to the investor-owned Viterra (Co-operatives Secretariat, 2004). During the same period the influx of new investment to its start-ups drove the accumulation of Québec sector capital. Much of this new capital came from pools of ‘solidarity finance’ developed since the eighties to finance co-operative and social economy enterprises.

Table 3.7: The Saskatchewan-Québec development gap, non–financial co-operative revenues (in $M), 1985 - 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Saskatchewan ($ millions)</th>
<th>Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>3,162</td>
<td>2,658.8</td>
</tr>
<tr>
<td>1990</td>
<td>3,270.4</td>
<td>2,804.5</td>
</tr>
<tr>
<td>1995</td>
<td>4,032.7</td>
<td>5,039.9</td>
</tr>
<tr>
<td>2000</td>
<td>4,654.5</td>
<td>5,173.3</td>
</tr>
<tr>
<td>2005</td>
<td>1753.9</td>
<td>6,918.8</td>
</tr>
</tbody>
</table>

**Rate of Growth (1985 – 2005)**
- 45%  + 160%

Finally, as Table 3.7 demonstrates, the starkest indicator of the reversal in sector growth in Saskatchewan can be found in declining revenues. The drop-off in this index over two decades is an unsettling 45 percent, four times the rate of contraction in assets and over five times the decline in membership in Saskatchewan over the same period. This compares to Québec’s sector which more than doubled its revenues. Once again, the loss of $1.4 billion in SWP receipts (Co-operatives Secretariat, 2004) illustrates the magnitude of the Pool’s loss to the Saskatchewan sector.

3.4 The development gap widens, 2000 – 2005

A further cause for concern for Saskatchewan co-operators is the trend to accelerating decline in membership, assets, and revenues from 2000 to 2005 (Table 3.8). The most arresting index is the rate of asset depletion which quadruples over the twenty-year trend. Moreover, this development gap constituted a qualitative as well as a quantitative leap. The breadbasket of the world was suffering a farm crisis, rural depopulation, and the

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Number of co-ops</td>
<td>+ 11%</td>
<td>- 15%</td>
</tr>
<tr>
<td>Membership</td>
<td>- 8%</td>
<td>- 10%</td>
</tr>
<tr>
<td>Assets</td>
<td>- 12%</td>
<td>- 59%</td>
</tr>
<tr>
<td>Revenue</td>
<td>- 45%</td>
<td>- 62%</td>
</tr>
</tbody>
</table>


established sectors were preoccupied with defensive retrenchment, amalgamations, and mergers. The privatization of the Saskatchewan Wheat Pool, set in motion in 1996 and completed in 2007, was one casualty of the dire effects of the farm crisis on this agriculturally dependent economy. As the flagship co-operative in the province, its failure had a demoralizing and discrediting effect. Unlike these lost decades to co-
operative development in Saskatchewan, Québec’s movement was transformed by a surge of social innovation. It emerged as a world leader in co-operative development.

One useful index of new co-operative development is the rise of service co-operatives, including healthcare clinics, daycares, ambulances, taxis, recreation facilities, restaurants and hotels, and arts and culture organizations. As Table 3.9 illustrates, from 1993 (the first year these provincial statistics were reported) to 2003 there were 516 new service co-operatives in Canada, 360 in Québec and 23 in Saskatchewan. The Québec rate of sector growth over the decade was 28 percent, i.e. double the nation-wide average and almost six times the Saskatchewan growth rate.

### Table 3.9: Comparative growth of service co-operatives in Saskatchewan and Québec, 1993 - 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>1,257</td>
<td>504</td>
<td>3,645</td>
</tr>
<tr>
<td>1998</td>
<td>1423</td>
<td>602</td>
<td>4201</td>
</tr>
<tr>
<td>2003</td>
<td>1617</td>
<td>527</td>
<td>4161</td>
</tr>
<tr>
<td>Numerical growth/shrinkage 1993-2003</td>
<td>+ 360</td>
<td>+ 23</td>
<td>+ 516</td>
</tr>
<tr>
<td>Percentage growth/shrinkage 1993-2003</td>
<td>+ 28%</td>
<td>+ 5%</td>
<td>+ 14%</td>
</tr>
</tbody>
</table>


Unlike the old growth sectors—such as the mutuals, credit unions, and consumer and producer co-operatives—service co-operatives represent a lot of the co-operative sector’s new growth. Growth in these sunrise sectors therefore also provides an index for development innovation. While Québec leads Saskatchewan and the country overall, category-by-category comparisons are mixed. For example, Saskatchewan boasts over
Table 3.10: Comparative growth of daycare co-operatives in Saskatchewan and Québec, 1993 - 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>0</td>
<td>33</td>
<td>69</td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>36</td>
<td>74</td>
</tr>
<tr>
<td>2003</td>
<td>0</td>
<td>35</td>
<td>69</td>
</tr>
</tbody>
</table>

Numerical growth/shrinkage: 0, + 2, 0
Percentage growth/shrinkage: 0, + 6%, 0


Half the co-operative daycares in the country (Table 3.10), a sector organized as unionized non-profits in Québec’s publicly subsidized childcare network.

Similarly, while Québec has a small number of pre-school co-operatives, the Saskatchewan sector out-numbers them 5 to 1 (Table 3.11). Each of these childcare sectors was relatively stable over the decade.

Table 3.11: Comparative growth of pre-school co-operatives in Saskatchewan and Québec, 1993 - 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>11</td>
<td>67</td>
<td>323</td>
</tr>
<tr>
<td>1998</td>
<td>11</td>
<td>84</td>
<td>357</td>
</tr>
<tr>
<td>2003</td>
<td>13</td>
<td>64</td>
<td>317</td>
</tr>
</tbody>
</table>

Numerical growth/shrinkage: + 2, - 3, - 6
Percentage growth/shrinkage: + 18%, - 4%, - 2%

In other sectors where Saskatchewan has pioneered, such as recreational co-operatives and health clinics, the province lagged nation-wide and Québec growth rates through the nineties. Its historic leadership role in community clinic development was also lost in this decade. While Saskatchewan failed to build on the three clinics in operation in 1993, Québec went from zero to four by 2003 (Table 3.12).

Table 3.12: Comparative growth of health clinics / hospitals in Saskatchewan and Québec, 1993 - 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>0</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>1998</td>
<td>1</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Numerical growth / shrinkage</td>
<td>+ 4</td>
<td>0</td>
<td>+ 5</td>
</tr>
<tr>
<td>Percentage growth / shrinkage</td>
<td>-</td>
<td>0</td>
<td>+ 62.5%</td>
</tr>
</tbody>
</table>


In recreational co-operatives, Table 3.13 shows that Saskatchewan continues to lead the nation with over half the co-operatively organized facilities, despite losing 9 of these co-operatives by 2003. Meanwhile, Québec nearly doubled its number—from 18 to 35.

Table 3.13: Comparative growth of recreation co-operatives in Saskatchewan and Québec, 1993 - 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>18</td>
<td>178</td>
<td>272</td>
</tr>
<tr>
<td>1998</td>
<td>22</td>
<td>190</td>
<td>292</td>
</tr>
<tr>
<td>2003</td>
<td>35</td>
<td>169</td>
<td>274</td>
</tr>
<tr>
<td>Numerical growth/shrinkage</td>
<td>+ 17</td>
<td>- 9</td>
<td>+ 2</td>
</tr>
<tr>
<td>Percentage growth/shrinkage</td>
<td>+ 94%</td>
<td>- 5%</td>
<td>+ 1%</td>
</tr>
</tbody>
</table>

Similarly, Table 3.14 indicates that while Saskatchewan also boasts over half the country’s farmers’ markets, this sector was relatively stagnant over the decade examined. By contrast, Québec developed four farmers’ market co-operatives. It had none in 1993.

**Table 3.14: Comparative growth of farmers’ market co-operatives in Saskatchewan and Québec, 1993 - 2003**

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>0</td>
<td>25</td>
<td>46</td>
</tr>
<tr>
<td>1998</td>
<td>1</td>
<td>34</td>
<td>55</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
<td>26</td>
<td>44</td>
</tr>
<tr>
<td>Numerical +/-</td>
<td>+ 4</td>
<td>+ 1</td>
<td>- 2</td>
</tr>
<tr>
<td>Percentage +/-</td>
<td>-</td>
<td>+ 4%</td>
<td>- 4%</td>
</tr>
</tbody>
</table>


There are several additional areas where Québec has recently out-paced Saskatchewan. Table 3.15 illustrates the reversal in the arts and culture sector. While Saskatchewan added only one art co-operative, Québec organized 19, reversing a development gap that favoured Saskatchewan by three co-operatives to one in 1993 to a 20 to 4 gap in Québec’s favour by 2003.

**Table 3.15: Comparative growth of arts and culture co-operatives in Saskatchewan and Québec, 1993 - 2003**

<table>
<thead>
<tr>
<th>Year</th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>1</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>1998</td>
<td>11</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>2003</td>
<td>20</td>
<td>4</td>
<td>37</td>
</tr>
<tr>
<td>Numerical growth/shrinkage</td>
<td>+ 19</td>
<td>+ 1</td>
<td>+ 27</td>
</tr>
<tr>
<td>Cumulative growth/shrinkage in %</td>
<td>-</td>
<td>+ 33 %</td>
<td>270 %</td>
</tr>
</tbody>
</table>

3.5 The co-operative innovation gap
While trends are mixed at the level of discrete categories, the overall tendency is clear: development momentum in the service sector moved decisively to Québec in the nineties—and this pattern is likely to continue over the near term. The cases of Aboriginal and worker co-operatives provide further evidence for a widening gap in co-operative innovation.

3.5.1 The Aboriginal co-operative innovation gap
As Table 3.16 illustrates, Québec and Saskatchewan clearly lead the provinces in this area (the only region to out-perform these provinces was the North West Territories, which was home to almost 38 percent of Aboriginal co-operatives in 2000). Taken together, one third of all Aboriginal co-operatives in Canada are located in Québec and Saskatchewan (Belhadji, 2001, p. 72).

Table 3.16. Comparative Aboriginal co-operative densities in Saskatchewan and Québec, 2000

<table>
<thead>
<tr>
<th></th>
<th>Québec</th>
<th>Saskatchewan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Aboriginal co-ops</td>
<td>23</td>
<td>21</td>
<td>133</td>
</tr>
<tr>
<td>Nation-wide percentage of Ab’l co-ops</td>
<td>17%</td>
<td>16%</td>
<td>100%</td>
</tr>
<tr>
<td>Proportion of Aboriginal to provincial population</td>
<td>1.1%</td>
<td>13.5%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Co-ops per capita, provincial Aboriginal population</td>
<td>.00039</td>
<td>.00016</td>
<td>.00013</td>
</tr>
</tbody>
</table>


Since Québec’s population (7,125,580) was over 7 times Saskatchewan’s (963,155), the per capita performance of Saskatchewan’s movement in generating Aboriginal co-operatives would appear to be seven times greater. However, Aboriginal population in Saskatchewan (130,185) was greater than the Québec Aboriginal population (79,400), in both relative and absolute terms. Since Aboriginal people comprise about 13.5 percent of
the population in Saskatchewan compared to only 1.1 percent of the Québec population, provincial per capita comparisons are therefore misleading. A more salient measure of Aboriginal co-operative development performance is based on a per capita calculation of each province’s Aboriginal population. By this measure, Saskatchewan does only slightly better than the nation-wide average of 13 co-operatives per 100,000 Aboriginal people. In 2000, Saskatchewan had only 16 co-operatives per 100,000 Aboriginal people. By contrast, and despite a sparser Aboriginal population in Québec, the success rate for Aboriginal co-operatives in Québec is 39 co-operatives per 100,000 Aboriginal people. That is exactly triple the pan-Canadian rate of 13 co-operatives per 100,000 Aboriginal people. It is well over double the Saskatchewan rate. Given demographic projections for Saskatchewan, the Aboriginal aspect of the Québec-Saskatchewan development gap is an area of particular concern and opportunity.

### 3.5.2 The worker co-operative innovation gap

Another illustration of the widening co-operative innovation gap is the case of worker co-operation. Incorporation statistics show Canadian worker co-operatives benefited from the world-wide shift in workplace values during the eighties. From a standing start, membership boomed, with 225 incorporated by the mid-nineties (Co-operatives Secretariat, 1999). The fledgling sector’s national organization, the Canadian Worker Co-operative Federation, founded in 1991, led to the rapid launch of several capacity-building innovations for the sector, including a group RRSP plan, a nation-wide developers’ network, and pilot funding for a worker co-operative venture capital fund (Corcoran, 2007).

Of course, worker co-operatives remain marginal to the Canadian non-financial co-operative sector overall. However, as Table 3.17 clearly illustrates, the growth rates for the Canadian worker co-operative sector since 1985 out-perform the sector as a whole in new co-operative development and revenues. This emerging sector also out-performs the co-operative sector as a whole in asset appreciation since 1992, when the Cooperative Secretariat began tracking this index. The worker co-operative boom in Canada, as we will see, has been largely centred in Québec.
Table 3.17: Comparative growth rates for all non-financial co-operative sectors vs. the worker co-operative sector in Canada, 1985 - 2005

<table>
<thead>
<tr>
<th>Development indices</th>
<th>Non-financial co-operative sector</th>
<th>Worker co-op sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>+ 98%</td>
<td>+ 102%</td>
</tr>
<tr>
<td>Number of co-ops</td>
<td>+ 63%</td>
<td>+ 248%</td>
</tr>
<tr>
<td>Revenues</td>
<td>+ 91%</td>
<td>+ 437%</td>
</tr>
<tr>
<td>Assets * (from 1995 - 2005)</td>
<td>+ 22%</td>
<td>+ 42%</td>
</tr>
</tbody>
</table>


While worker co-operative membership only slightly edged out percentage gains in sector-wide membership, the other three indices show very significant development differentials. Its asset base grew at almost double the sector-wide average over the last ten years. Since 1985, the worker co-operative sector growth rate has been over four times the sector-wide average growth, both in revenues and number of co-operatives. As the success of Mondragon (Whyte & Whyte, 1991), Emilia-Romagna (Earle, 1986), Québec and other jurisdictions with longer established and better resourced support systems for worker co-operative development suggest, tailoring entrepreneurial infrastructure to worker co-operatives’ needs is bound to enhance further their economic prospects in English-speaking Canada. However, with only a few worker co-operatives, Saskatchewan trails Québec by three decades.

3.6 Conclusion: Explaining movement divergence

Quantitative analysis can describe but not explain the growing co-operative development gap between Québec and Saskatchewan. This chapter has empirically demonstrated that the Québec movement has effectively consolidated and expanded its position in the globalization era while the Saskatchewan movement has contracted overall. As indices of development innovation in each province, particular attention was paid to green shoots in
the emerging areas of service, Aboriginal, and workers co-operatives. While limitations of data set comparability and complex sector by sector historical differences make broad generalization difficult, the available evidence clearly suggests more effective co-operative development innovation in Québec during this period. To the extent it is possible to statistically index social innovation within these movements, it seems clear that the development gap between these sectors is significant and growing, and that a significant share of that gap may be attributed to the relative success of the two movements to effectively support new co-operative development as an engine of movement renewal and expansion. To further explore the reasons for this growing statistical gap, the study next turns to qualitative methods, and the development of historical case studies of co-operation in Canada’s two most co-operative provinces.
CHAPTER FOUR

MAÎTRES CHEZ-NOUS:
NATIONALISM AND THE EVOLUTION OF THE CO-OPERATIVE FIELD
IN QUÉBEC, 1900 - 1980

4.1 The historical origins of co-operation in Québec: Church, state, and class

Although a comprehensive history of co-operative development in Québec is well beyond the scope of this work, this chapter outlines the origins, and evolving structure, of that movement to provide historical context for the detailed period study in the next chapter. Particular attention is paid to two aspects of the Québec co-operative movement’s evolution: the shifting position of co-operation vis à vis the wider socio-economic forces of Québec society (i.e. the autonomy of the co-operative field) and the fundamental dynamics, divisions, and tendencies which have shaped the “inner life” and structuring of the co-operative movement itself (i.e. the structure of the co-operative field). This is not a comprehensive account of the many regional, sectoral, and other discrete aspects of co-operation in Québec. It is an overview of the development of the field on which the subsequent developments of the globalization era were predicated.

This overview is organized in terms of co-operation’s “three waves” in Québec (Lévesque, 1990), each transforming the co-operative field. This periodization highlights the shifting character of the movement’s patrons, mobilizing networks, and social base over the last century, and how these have shaped its development path during the period under investigation (1980 -2010). Simply put, the path of co-operative development before 1980 creates its foundation, momentum, and development trajectory after 1980.27

27 In economics, inertial drag on social innovation created by past conditions is called “path dependency.”
4.2 The first wave: Paternalism, Catholic social action, and the petite-bourgeoisie

The evolution of co-operation in Québec begins with the well-established co-operatives which have institutionalized regional federations and other second- and third-tier organizations: “the farm co-ops and the savings and credit unions (which emerged) at the turn of the century, and the fishing and food co-ops (which emerged) after the 1930s crisis” (Lévesque, 1990, p. 110). These first two waves laid strong foundations in Québec for a “culture of collective action” (Poulin, 2000, p. 38) and channelled the collective character of that action. Rooted in the needs of the rural and urban poor, the first wave (farm and credit co-ops) also gained wider support from powerful patrons for two main reasons: its character as a force for cultural nationalism and its character as an agent of moral reform for the urban and rural poor.

4.2.1 A “Blessed Movement:” Co-operation as cultural nationalism

At the turn of the twentieth century, the traditional Québécois way of life—along with the conservative social order that underpinned it—was threatened by the rise of Anglo-American industrial urbanism. Indeed, from 1851 to 1911, the proportion of rural Québécois declined from 78 percent to half the province’s population. Migration from country to city, and rural workshop to factory, widened the gap between Francophones and Anglophones as Francophone urban migration took place more slowly (Gagnon, 2004). The church, state, and local elites responded to co-operation instrumentally: as part of a new social contract to stabilize the order, protect their privileges, and accommodate the needs of a restless working class. A strong guiding spirit of cultural nationalism defined the first wave: “Co-ops were seen as a means of preserving the French language and the Catholic religion, and of supporting a traditional way of life as a bulwark against the North American lifestyle prevalent in the large cities” (Lévesque, 1990, p. 110).
The roots of cultural nationalism and social solidarity sink deep in Québec history and collectivist Catholic values. Campbell (1983) argues that they sprang organically from the foundation of early New France, its plots allocated in strips to ensure river-front access. This built population density and intensive social interaction. W. A. Riddell, one of Canada’s earliest sociologists, argued the extraction of unruly youth as voyageurs for the fur trade reinforced harmonious communal values in these clustered agricultural settlements (Campbell, 1983). This sense of collective identity was sacralized by the economic and cultural power of the Catholic Church, which received about a quarter of the seigneurial land granted under the French regime. This tribute was paid for the clergy’s role in education, health, and social service provision (Armstrong, 1984). Civic dependency on the church further enforced clerico-nationalist hegemony.

However, the decisive turn toward two centuries of protective nationalism and clerical rule came with the Fall of New France in 1759. After the fall, important sections of the mercantile and political elites fled for France, leaving a leadership vacuum into which the Catholic hierarchy stepped as the de facto civic authority. This was an arrangement the British fostered, happily yielding religious and civic affairs to the Catholic hierarchy in exchange for the Church’s support for British rule. The Church’s influence as the legitimate representative of the occupied population, and as an “honest broker,” underpinned the rise of ecclesiastical rule (Campbell, 1983, pp. 63-69). This alliance between church and state persisted through two centuries, up to the Quiet Revolution.

An important feature of church-sponsored nationalism was its promotion of a retreat from the urban, Anglo-Saxon bases of administrative and commercial power to rural parishes. From 1840, this protective nationalism returned urban workers to farms, “le retour à la terre.” These agrarian and anti-statist biases were important ideological pillars of French Canadian tradition, providing important foundations for clerical authority.

The mouvement caisse populaire emerged at the turn of the twentieth century, when church hegemony over Québec had been firmly established. The caisse movement successfully earned the support of the church, the petite-bourgeoisie, and the state
because these elites were convinced the *caisses* could help contribute to the cultural retrenchment and reproduction of the status quo against an encroaching Anglo-capitalist lifestyle. In other words, *les caisses* had a manifest function—to pool credit from popular savings—and a latent function—to restore the conservative authority of the Church and “French society.” It was a form of economic action which was also deeply “embedded” in clerico-nationalism. As Fairbairn (2000) argues, the church provided an important mobilizing network and theological justification for the social and cultural construction of first wave co-operatives in Québec:

The clergy… were essential to the spread of … Desjardins’ co-operatives. Priests assembled groups of parishioners to speak about the merits of economic co-operation; they spoke to young men and community leaders, urging them to join; often they served as secretaries, managers, and bookkeepers for new co-operatives—free of charge, of course…. The social role of the clergy in the co-operatives was critical to their success, for the clergy brought both skills and legitimacy to the new organizations. As educated men who were (or were supposed to be) impartial in community affairs, above all family and factional divisions, priests brought trust: today we would say they reduced the “transaction costs,” the uncertainties and suspicions of forming co-operatives. In a larger sense, they conferred a blessing on the co-operative movement, suggesting that it was about a higher purpose, something more noble than a conventional business in which a priest would rarely have taken part. (p. 19)

Unlike the relatively autonomous mutual societies of the working class that had provided fire and life insurance since 1830 (Vaillancourt, 2009; Girard, 1999) and the early worker co-operatives of Montréal and Québec City from 1865 (Bridault & Lafrenière, 1989; Girard, 1999), Alphonse Desjardins sought the Church’s blessing and support for this new movement. Organizing the *caisses* parish-by-parish, he “did not like to found a *caisse* in a parish without the explicit support of the parish priest, and very much hoped that a priest would participate in the administration, and if necessary, management of the organization” (Poulin, 2000, p. 35). By 1920, priests were the chairmen of 116 of the 160 *caisses* and leaders in 140 (Lévesque, 2008).
Church sanction made securing political support easier in this deeply Catholic jurisdiction. By 1906, Desjardins had secured provincial passage of the Co-operative Syndicates Act, pre-empting banks lobbying to curtail the sector’s expansion (Lévesque, 2008). It further established the security, profile, and prestige of the *caisse* model and opened the door for fishers’ co-operatives in the mid-twenties. It also laid the groundwork for the 1908 Act Respecting Co-operative Agricultural Associations, which, in turn, enabled the federation of agricultural co-operatives (*Co-opérative Fédérée de Québec*) and strengthened the rural reach of co-operative ideas and practices. For Desjardins, “political and church institutions were pragmatic means to realize ideals in the context of the times” (Fairbairn, 2000, p. 18). The increasing influence of the anti-socialist Church over the co-operative field, and the strengthened rural basis of this first wave, also undermined the early union-backed but fledgling worker co-operatives in the cities (Bridault & Lafrenière, 1989). This movement was marginalized within the agrarian-financial structure, and the clerico-nationalist culture, of the emerging co-operative field.

First wave co-operation was, therefore, more complex and contradictory than romantic narratives may suggest (Rudin, 1990). The *Mouvement Desjardins* was not simply the epic work of a great man. It was not simply the heroic rising up of the disenfranchised. It was also a fundamentally dependent movement, incorporated into the larger class project of its clerical and petit-bourgeois patrons. Organized around the parish structure, *les caisses* were used to reinforce the commitment of parishioners to traditional values. For one thing, *caisse* organization diverted them from trade unions, self-managed worker co-operatives, or socialist ideas. For unionization was becoming a force in Québec in the 1880s. Trades and labour councils were founded in Montréal in 1885 and in Québec City in 1890; between 1901 and 1911 province-wide union membership grew from 10,000 to 25,000. As an alternative to militant trade unions, co-operation appealed to employers and the ruling elite. Indeed, language law controversies in 1912 and the conscription crisis of 1917 helped lay the basis for a similar co-optive strategy within the unions. The formation of a Catholic trade union central in 1921 represented a turn toward clerico-nationalism and away from militancy (Armstrong, 1984). Catholic unionism “came into
existence to dampen social change and as part of a strategy designed to extend clerical control to all aspects of social life” (Gagnon, 2004, p. 261).

The traditional compact that ruled Québec sought, therefore, to sacralize and assimilate the labour and co-operative movements. As Vaillancourt (2009) notes, the social economy of this period was “patron-led.” The influence of the social doctrine of the Catholic Church was “implemented in the province by the Société canadienne de l’économie sociale de Montréal (SCESM), founded in 1888, and the Jesuits’ École sociale populaire (ESP), set up in 1911. Desjardins was a member of the SCESM” (p. 5). As Rudin (1990) argues, cultural nationalism so strongly defined the caisse populaire movement that “the caisses have proved attractive almost exclusively to the French-speaking population of the province.” The residual strength of cultural nationalism within the Mouvement Desjardins remains so strong today that “within Québec in general and in Montréal in particular, it is frequently possible to determine whether a neighbourhood is predominantly English-speaking by noting the absence of a caisse” (p. x).

Co-operation fit well with the prevailing doctrine of social Catholicism. In this conception, “support for the working class would help circumvent social conflicts, spell defeat for socialist propaganda and protect the religious values and moral authority of the Church” (Poulin, 2000, p. 36). In this sense, supporting caisse and co-operative development was part of an historic compromise. The co-operative project would not simply meet the needs of desperate working and farm families. It would also avert a crisis of authority for the ancien régime, keeping both socialism and English-speaking Protestant capitalism at bay. Elite sponsorship of early co-operation was part of a hegemonic strategy to influence its development.

As the founder of the caisse populaire movement, Desjardins’ shrewd manoeuvring to enlist church support, to use his Conservative party connections (Poulin, 2000), and to involve local elites was decisive. For a faltering elite, Desjardins granted reassurance and the reinforcement of traditional moral authority. To the ranks of the urban and rural poor, he promised greater financial security, and an extension of the democratic and collective
entrepreneurial franchise. The *mouvement caisse populaire* was part of a new accord between the classes. It offered opportunity to the excluded and stability to the privileged.

### 4.2.2 Desjardins’ mission: Co-operation as moral reform

Desjardins is often eulogized as the “patron saint” of co-operation in Québec (Fairbairn, 2000, p. 14). Indeed, his work in reconciling elite and popular interests does provide useful insight into the contradictory nature of these early social mobilizations. For the *caisse populaire* movement was more than the expression of coinciding church, state, and *petit-bourgeois* interests “from above.” It was also a popular project, an expression of collective action by the ranks of the urban and rural poor who joined the *caisses* in great numbers even if they did not lead them. For, as Gitlin (1980) has argued in another context, hegemony is a reciprocal, or dialectical, concept: it “is done by the dominant and collaborated in by the dominated” (p. 10). As a member of the petite-bourgeoisie, Desjardins was well positioned to act as a broker between these often antagonistic interests. Indeed, this public servant was more than a *patriote*, a Catholic, or a Conservative. Rudin (1990) argues he was also part of a traditional rural elite with much to lose if farmers moved from regions such as Levis to the cities for lack of available credit.

Desjardins belonged to a particular social class, namely Québec’s traditional petite bourgeoisie of small businessmen, clerics, and professional men. These men, like their counterparts elsewhere in the Western world, were suffering from a loss of prestige caused by industrialization and urbanization. (p. xii)

When he became aware of the scandal of usury, Desjardins fell back on his experience as a journalist (Poulin, 2000). He investigated credit co-operatives abroad, reporting his findings to a widening circle of supporters (Fairbairn, 2000). He corresponded with the president of the International Co-operative Alliance (ICA) and managers of peoples’ banks or credit co-ops in France, Belgium, Italy, and Switzerland before settling on the German Schulze-Delitsch model. It organized popular credit by pooling the savings of ordinary working families. Desjardins’ *petit-bourgeois* standing positioned him well both to recognize and to take advantage of the political opportunity.
Desjardins’ mission was only in part to liberate the working poor from their dependency on loan sharks. He also viewed the *caisse* as a way of pooling local credit to assist local enterprises, viewing local farmers and small businesses as anchors of the local way of life. Desjardins turned to the publication of brochures and newspaper and magazine articles to enlist the literate ranks of the professional classes. His advocacy journalism reached into the ranks of petit-bourgeois opinion much as he had co-opted the social networks, communication channels, and moral authority of the church to reach into parish congregations. He enlisted the support of a young priest who contributed regularly to Québec City publications *La Verité* and *L’Action Catholique*. When Henri Bourassa launched *Le Devoir* in 1910, it also editorialized in favour of the *caisse* movement (Poulin, 2000). As a journalist, organic intellectual, and movement entrepreneur, Desjardins understood how to use the power of the press.

From its inception, the *caisse* movement was based on an unequal cross-class alliance. It reflected and, to an important extent, reinforced the structure of Québec society. That was no accident. Indeed, just as Desjardins had involved the clergy in leadership positions within the *caisse* project, he also actively cultivated other members of the liberal professions to take a leading role in their administration (Poulin, 2000). In the spirit of noblesse oblige, Desjardins enlisted many officials and property owners. It was a movement for working and farm families as well as a movement of working and farm families; as much a clerical and petit-bourgeois movement of “other-help” (Fairbairn, 2000, p. 20) as agrarian or proletarian “self-help.” These competing visions of cooperation as a vehicle for moral reform, on the one hand, and economic democracy, on the other, existed in an uneasy alliance. This conflict existed even in the hearts and minds of individual proponents. “While the members of the petite-bourgeoisie were inspired to establish the *caisses* to a great extent by their desire to regain their lost place in Québec society, they were also motivated by a genuine humanitarianism” (Rudin, 1990, p. xiv). Standing at the historic crossroads of a semi-feudal traditional society and an emerging urban, industrial modernity, Desjardins was thus able to conscript both clerics and the petite-bourgeoisie in this project of conservative modernization.
Certainly, the first wave co-operative movement, like the temperance movement, needs to be partially understood, therefore, as a project in elite paternalism. Part of the appeal of the caisses for clerics and local elites was their power to discipline; to inculcate the habits of thrift, saving, and sobriety among poor farmers and workers. This project of moral reform was largely undertaken under the administrative direction of the clerics and petite-bourgeoisie, the gatekeepers of credit within the caisses.²⁸ In this sense, Desjardins’ early technical assistance cadres were moral entrepreneurs rather than movement entrepreneurs. Many of their ranks viewed co-operation as part of their religious mission: a means of preparing the vulnerable urban and rural poor to defend their traditional, Catholic way of life. This new economic moralism would require caisse members to learn to save, spend wisely, delay gratification, and plan ahead. Indeed, at the very heart of the Desjardins (and Schulze-Delitsch) concept was the idea that it was “through the practice of good savings habits that members could demonstrate their moral value and become deserving of obtaining credit when needed” (Poulin, 2000, p. 30). In a sense, the caisses represented an important moment in the making (and disciplining) of the Québec working class. Under the direction, and surveillance, of the clerics, this was a new institutional means for expanding Catholic hegemony. While the caisses provided needed credit and the opportunity to save and earn interest for les Québécois, it also extended clergy reach into their parishioners’ household affairs. The caisses created new mechanisms of surveillance and social control, at the service of clerical hegemony. As Girard (1999) notes, Desjardins even reached into the schools, and the socialization of children, through a thriving school savings program.

Desjardins’ contradictory cultural mobilization defined the spirit of the first wave in ways that would effectively resonate with the cultural realities, and hierarchies, of his era. His project rested on a complex articulation. He drew on the residual “common sense” appeal

²⁸ As Thompson (1966) has chronicled, this tradition of bourgeois benevolence also has deep, conflicted roots in Owenism and the English co-operative tradition. As Thompson recounts, Owen “proposed to put the poor into ‘Villages of Co-operation,’ where—after an initial capital grant out of taxes—they would pay their own way, and become ‘useful’, ‘industrious’, ‘rational’, self-disciplined, and temperate as well” (p. 782). He suggests that “for many years the co-operative movement continued with this co-existence of philanthropists and working-class radicals” (p. 806).
of popular working class experience with mutual societies in the middle of the nineteenth century (Mendell, 2008; Vaillancourt, 2009). He drew on the dominant conception of Catholic social economy favoured by clerical elites and the SCESM. And he drew on international expertise, appealing to petit-bourgeois sensibilities. He combined these diverse elements in a unifying, organic new ideology. Desjardins mobilized resources from more powerful patrons and networks by articulating co-operation in a way that was attractive to prospective members and powerful patrons alike. Combined in a narrative that represented co-operation as a protective dike against the rising tide of industrial urbanism, he made a persuasive case for collective action. It was a defence of the poor. It was a defence of the Catholic, Québec nation. It was a defence against moral laxity. And, it was a defence against militant trade-unionism and socialism. In the moral panic over usury (Poulin, 2000), in particular, he exploited a unique political opportunity to construct and mobilize a diverse coalition of popular and elite forces. Desjardins was engaged in much more than popular economics narrowly conceived. He was engaged in sophisticated cultural politics to strategically articulate co-operative credit within a wider field of social forces. Like Calvin’s Protestant Ethic, which provided early capitalists with the requisite motivational urgency to kick-start capitalism, the basis of Québec’s social economy also rested on the power of Catholic social doctrine to drive movement participation in collective entrepreneurship.

It can be argued, following on McAdam (1982), that the Mouvement Desjardins met the necessary conditions for an effective social movement mobilization. The movement emerged in the socio-economic context of urbanization, industrialization, and encirclement, broad processes threatening the traditional, Church-led way of life and the Québec nation. Like the emergence of a defensive, enclave co-operativism in the Basque region of Spain during the Franco regime (Whyte & Whyte, 1991; Morrison, 1991), this threat fuelled a clergy-led, nationalist response. This conjuncture, combined with the Church response of colonisation, a return to the land and traditional rural life, created a political opportunity. Desjardins framed the caisse movement as both a response to the

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29 This conceptualization builds on Williams’ theory of residual, dominant, and emergent cultures (2005, pp. 37-42).
sin of usury in line with social Catholicism and as a defence of traditional rural life, in line with clerico-nationalism and the social economy doctrine of the SCESM. This collective attribution of the problem combined class interests “from below” with the cross-class interest in a national-popular project. Desjardins forestalled a social control response from church and petit-bourgeois elites by co-opting them into leadership positions. With their support, parishioners were actively encouraged to join the caisses. State sanction, through enabling legislation, was won against the possibility of bankers’ objections. With powerful patron support, each caisse populaire built credibility and momentum for further organization across the parish network. This was a sustained social and economic insurgency against the Anglo-bankers and the loan sharks alike.

Through his vast research, Desjardins was able to define his project with increasing clarity. Drawing on his journalistic and professional political experience, he appealed to the desire of church, state, and the professional and propertied classes to harness co-operation as a vehicle for moral integration and social stability. He was able to construct the basis for the caisse populaire movement by articulating this project with the wider anti-secular, anti-Anglo, anti-Protestant, and anti-socialist movement for Catholic social action. This was more than a strictly self-help movement (although it incorporated a new sense of personal transformation into the more secular understanding of collective enterprise embodied in the mutual societies that preceded it). It was part of a wider political mobilization for conservative restoration. The mouvement caisse populaire sought to protect rural life, the Catholic religion, and the French language against an ascendant Anglo-capitalist urbanization on the one hand and an insurgent working class radicalism on the other.

An alliance with the church and the petite-bourgeoisie, largely on behalf of farmers and workers, first wave co-operation was a somewhat messy affair. The Mouvement Desjardins was embedded in a wider social movement, social Catholicism. It, therefore, emerged through a clergy and petit-bourgeois led technical assistance mobilization that was itself a paradox. On the one hand, this paternalist leadership base reinforced the existing social hierarchy. On the other hand, the democratic structure of the caisses was
an academy for future generations. Through it, the urban and rural poor learned to take an increasing role in democratic movement self-management. Through the example it set, the practices it established, and the alliances it forged, the Desjardins legacy profoundly shaped the terrain on which further movement activity would unfold.

4.3 The second wave: Secularization, the emergence of a new middle class, and the struggle within Catholicism

Three decades after the Desjardins movement got its start, the Great Depression swept North America, adding strong new incentive and political opportunity for co-operative social innovation in Québec. At the turn of the century, the usury debates had created a discrete crisis of authority for the predatory actions of the loan-sharks and the exclusionary Anglo-banks that enabled them. This scandal created an opening for Desjardins to focus popular commitment on the creation of co-operative credit. In the throes of depression, the wider failure of the market and the state to meet Québec citizens’ needs provoked a more generalized crisis of economic authority. It highlighted the importance of co-operative innovation—but now on a broader scale.

However, this was not a simple transition. As Vaillancourt and Tremblay (2008) argue, the early years of this period featured an attempt at “social restoration” led by the Jesuits’ École sociale populaire (ESP). Like the SCESM, it was committed to stemming the tide of anti-capitalist ideas and reinforcing the doctrinal supremacy of the church. The formal conservative response to the Depression involved a couple of study days in March and September of 1933. The first focused on the moral and doctrinal dimensions of the crisis and was led by clergy. The second brought in select secular resource people, including economist Esdras Minville from École des hautes études commerciales (HEC), to work out the socio-economic dimensions of the restoration plan in line with the Church’s social doctrine. In the following months, the ESP facilitated numerous workshops, establishing their anti-statist vision, and extending Catholic social corporatism through the parish and caisse networks (Vaillancourt and Tremblay, 2008). For several years, this residual, and resurgent, clericism was the dominant conception within the co-operative field.
In the post-Depression recovery, the Québec co-operative movement diversified into fishing, food (Lévesque, 1990), forestry, housing, education, and consumer co-ops (Mendell, 2008) and electricity and telephones. Established first wave sectors in agriculture and credit also experienced remarkable growth (Vaillancourt, 2009). Agropur, the giant dairy co-operative, was founded in 1938 (Girard, 1999). Building on the achievements of first wave co-operation in Québec, the second wave moved beyond Desjardins’ early patron network. Although the steady expansion of the clerical ranks had dramatically decreased the ratio of faithful to clergy, from 1,836 in 1831 to only 87 in 1941 (Gagnon, 2004, p. 247), the leadership and membership bases for this evolving movement were now also shifting. The formation of over 160 forestry co-operatives from 1933 to 1970 was emblematic. They brought subsistence farmers and organized farm-labourers together to supplement their earnings. While often encouraged by parish priests, the efforts of Minville and the Union Catholique des Cultivateurs (UCC) were key (Girard, 1999; Bridault & Lafrenière, 1989). Similarly, the formation of about fifty electricity co-operatives to roll-out rural electrification in the post-war period was driven by a program of government grants (Girard, 1999).

The number of caisses nearly doubled from 1939 to 1945. Membership almost tripled and total assets increased five-fold (Rudin, 1990). Movement leadership passed from the traditional ranks of rural clerics and professionals to the “new middle class:’ “With a leadership that was no longer part of the same petite bourgeoisie that gave rise to the caisses, the movement in the post-war era played a dramatically different role within Québec society” (Rudin, 1990, p. xv). Increasingly, managers and bureaucrats were in charge of a more diversified movement. Protective nationalism was once the movement’s driving force; now the values of efficiency, growth, and social progress came to the fore.

A profound transition was taking place in post-Depression Québec. Ultimately, it would explode in the Quiet Revolution of the 1960s. The traditional Québec lifestyle, and the clerico-nationalist hegemony it supported, was gradually eroding. Behiels (1989) notes that, from 1941 to 1961, the French Canadian population living on farms dropped by two-thirds, from 41 percent to 13 percent (p. 322). Urbanization and industrialization chipped
away at the agrarian and anti-statist pillars of clerical authority, and they began to crumble. A new, more modern “common sense” was emerging. It was an increasingly urban and liberal national-popular culture. It was “pervaded by secular values, by individualism and by rationalism” and was led by a “new technocratic and bureaucratic class” (Behiels, 1989, p. 320). This was the pre-dawn of the Quiet Revolution. A new consensus for change was emerging, against the heavy hand of conservative nationalist Premier Maurice Duplessis:

The Duplessis mixture of manipulative, right-wing and paranoid nationalism, relying on patronage, corruption and the cultivated ignorance of the masses had to be swept away. The new trade unions, locked in a fierce battle with English and/or American bosses backed by the Duplessis regime, had to be supported in their bitter struggle. The Catholic Church, which held a central position in the conservative power bloc and which intruded heavily on daily life, had to be trimmed, tamed, set aside and directed to focus on spiritual concerns, leaving worldly power and administration to democratic and secular forces. Québec had to catch up quickly if the Québécois nation was to determine its future effectively. (Conway, 2004, p. 59)

This new consensus had consequences for the practice of co-operation. In fact, it was at the very centre of a larger social struggle between the clerico-nationalist old guard and the emergent liberal bloc, led by the “new class.” It was a terrain of struggle on which the new Québec was born and through which the secular independence of the co-operative movement would be won. Of course, not all members of the co-operative family benefited from the shifting balance of power within the co-operative movement. The shift from clerical to managerial authority simply reinforced the earlier marginalization of the worker co-operative option in Québec. Beyond the forestry co-operatives and the exceptional case of Harpell’s printing co-operative (Bridault & Lafrenière, 1989),30 it wouldn’t be until the 1970s that this sector would really come into its own.

30 John James Harpell was Québec’s answer to Robert Owen. He established Garden City Press as a model of worker and community empowerment. The worker-owned print business was part of a ten-acre development that included housing gardens and recreational facilities for the employees. Harpell was introduced to the “Garden City” worker community concept during a 1910 trip to Europe. He then implemented it in St Anne-de-Bellevue. In 1922 Harpell established the Institute of Industrial Arts, and the St. Anne’s Study Club, which were aimed at industrial workers, particularly in the pulp and paper industry. Some of the courses were held at Garden City Press for which Harpell would pay full tuition for his employees. Completion of the courses was then used as incentives for the promotion of employees. In
4.3.1 « La liberté, c’est du Dieu aussi »: The role of Georges-Henri Lévesque

Père Georges-Henri Lévesque was to the emerging “second wave” of co-operation what Desjardins had been to the first. Like Desjardins, he was an “honest broker” between the old regime and the popular interest. He, too, pushed back the horizon of the possible within the constraints of his time. Lévesque modernized co-operation while calming a panicked Catholic hierarchy. This was no small task. As Lévesque notes, the creation of the Conseil supérieur de la coopération (CSC) in 1939 was based on non-denominational co-operatives (in Vaillancourt & Tremblay, 2008). This opposed the ÉSP’s doctrine of social corporatism and led to divisions within the co-operative family.31 Just as his cultural and symbolic capital enabled Desjardins to mediate popular and elite interests, Lévesque’s role as an ordained Dominican priest lent him the necessary authority to lead a break with church doctrine.

Trained as a sociologist, Lévesque was the first director of the School of Social Sciences at Laval in 1938, a position he held, through the transition to full faculty status, when he became dean. Before retiring in 1955, he played a leading role in the Quiet Revolution. Championing the legitimacy of scientific reason and a Québec sociology, he preached and practiced activist social intervention, in accordance with a liberal interpretation of Catholic social doctrine. He forged important alliances with the labour, co-operative, and other social movements. Through Laval, Lévesque and his faculty diffused reformist ideas and trained a new generation of intellectuals and technocrats. As teachers, social workers, and labour organizers, Laval’s graduates were foot-soldiers for the Quiet

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31 In 1942, the Fédération des caisses populaires withdrew from the CSC, owing to opposition from the Union regionale de Montréal, which feared outside interference and was against the principle of non-denominationality. This dispute, which intensified in 1945, revealed two different conceptions of co-operation, nationalism, and the place of religion in the economy. For the Québec City School of Social Science, co-operation represented an end in itself owing to its rules, whereas, for the supporters of corporatism [more rooted in the Montréal area], it was a means toward collective emancipation. (Lévesque in Vaillancourt, 2008, pp. 7-8; translation)
Revolution in the sixties. As Lévesque’s conflicts with Duplessis attest, he was a leading architect of this decisive rupture with traditional authority (Campbell, 1983).

It was also from this perch that Lévesque intervened to modernize the co-operative movement. Freshly installed at Laval, Lévesque organized the CSC. Establishing an apex organization to unify the sector and strengthen its collective voice (Campbell, 1983) was no small achievement. Desjardins had gone to his grave in 1920 unsuccessful in his efforts to persuade the 138 caisses then in operation to form a second-tier federation to deliver financial and technical services to its branches (Poulin, 2000). As President of the CSC, the modernizing cleric-sociologist moved quickly to launch the magazine Ensemble as the voice of the Conseil. His campaign of co-operative organization, education, and outreach continued as director of the School, editor of Ensemble, and publisher of the dozens of pamphlets, or cahiers, that streamed out of the School from 1941 to 1945. Lévesque’s own curriculum vitae cites 48 publications, most in non-academic journals. About a third dealt with Québec’s co-operative movement (Campbell, 1983). Like Desjardins, Lévesque was an organic intellectual and a movement entrepreneur. Unlike Desjardins, he was able to build on the proven accomplishments and organizations of the Québec movement’s first wave. He was also able to promote a more liberal and secular path, both for Québec and its modernizing co-operative movement’s second wave. Lévesque walked a careful line between the traditionalist and modernizing factions of the Catholic Church, arguing his outreach was consistent with evolving Catholic social doctrine. Indeed, just as Desjardins built on the efforts of a network of clerics who viewed co-operation as ecclesiastical base-building, Lévesque justified his involvements as a modern day extension of the church’s relationship with the working class:

The dean was convinced that the extreme individualism, and the pre-eminence of personal gains, which he saw as characteristic of North American capitalism, could induce Québec workers to leave the church, which they would see as incapable of serving the needs of an industrial society. To forestall this possibility, Québec must develop an extended co-operative network and must have dynamic Catholic trade unions, fully able to respond to the needs of the workers. (Behiels, 1989, pp. 327 - 328)
Still, social science in general, and his institution in particular, were viewed as a threat by traditional clerics and the *Union Nationale*. As Campbell (1983) notes, “petitions were sent twice to Rome by various factions of the clergy and once by the Duplessis government in an attempt to have Lévesque censured, removed or both;” Duplessis, who called Lévesque “*le p’tit rouge*,” tried to pressure Laval to fire, or at least demote the reformist (pp. 220 - 221). State hostility posed a threat to the very existence of the fragile social sciences at Laval, as the government first culled, then eliminated, its funds and blacklisted its graduates. Defeating the government became a matter of survival for Lévesque: “This implied an alliance, on the one hand, with the trade unions and co-operative movements and, on the other hand, with the Liberal party” (Behiels, 1989, p. 321). However, this conflict was a conflict within Catholicism, rather than against it. Duplessis and the clerical traditionalists railed against Lévesque for “heresy” and called on the Vatican to arrest his “undue political influence.” They claimed Lévesque would bring down the only Catholic government in North America (pp. 332 - 334).

That Québec society was polarizing quickly was reflected in the divisions within the church. Ultimately, Lévesque’s faculty and graduates played a key role in promoting a “new identity for the Québécois collectivity, one that was rationalistic and secularized” (Behiels, 1989, p. 322). This cultural mobilization disarticulated the clerico-nationalist social bloc. Laval graduates secularized the traditional system of church-administered charities. Lévesque’s faculty promoted union radicalization through a Department of Industrial Relations, which organized regular conferences. In 1960 the *Confédération des syndicats Nationaux* (CSN) was born as the *Confédération des travailleurs catholiques du Canada* (CTCC) severed its ties with the church (Gagnon, 2004). But it was on the issue of independence for the co-operative movement that Lévesque was eventually called to the Vatican to account for the “heresy” of abandoning the “sacralization” of worldly institutions as unworkable and counter-productive. Against Duplessis, the Vatican granted his request for full movement autonomy. “The decision marked an important transition in Québec society, towards an intellectual climate that was more democratic, pluralistic, and secular than before” (Behiels, 1989, p. 332).
This “new intellectual attitude,” that freedom itself was a sacred gift, also transformed the culture of co-operation. It represented a decisive break with the vestigial paternalism, authoritarianism, and dependency of the first wave. Second wave co-operation was escaping from the orbit of clerico-nationalism and entering a more popular, participatory, and democratic universe of member self-governance. While Lévesque’s was a minority position from 1938 to 1945, Vaillancourt (2009) argues that after WWII, the clerico-nationalist alliance began to erode in favour of a more secular, economic nationalism. Church-run schools, health care, and social welfare became increasingly inadequate to the needs of an urban, industrial society and the clerical administration of public service increasingly blocked the career paths of the new middle class (McGrane, 2007).

From the 1950s to the Quiet Revolution, *rattrapage* (catch-up) thinking increasingly came into conflict with the hold-over agrarianism and anti-statism that had their roots in the Eighteenth Century. As Québeckers migrated en masse to the cities, the hold of rural parish organizations also loosened. Several organizations, including the *Confédération des travailleurs catholiques du Canada* (CTCC), the *Fédération des unions industrielles du Québec* (FUIQ), *Le Devoir*, and several Catholic social movements, fell away from the Duplessis-Catholic Church alliance (Vaillancourt, 2009).

Mass media also helped set a new economic and political agenda “from below:” “*Cité Libre* expressed … the new middle class desire for state-run public services while neo-nationalists at *Le Devoir* argued for the creation of the modern welfare-state and the intervention of the provincial state to reduce foreign domination of the economy” (McGrane, 2007, p. 193). However, these media struggles were merely episodes in the longer range structural transformation of Québec’s public sphere. In the thirties, the introduction of radio and public broadcasting, in particular, played a leading role. As a federal crown corporation, *Radio Canada* provided a relatively free forum for the expression, diffusion, and development of French Canadian culture—beyond the censorious reach of Québec’s traditional elites and political allies. It overcame the province’s intellectual isolation and the ideological hegemony of clerico-nationalism. *Radio Canada* transformed Québec’s journalistic field, opening up space for increasingly
vigorous, independent, and challenging journalism. In the late forties and fifties, Le Devoir moved aggressively into this space. As Québec’s leading daily, Le Devoir’s ideological migration reinvigorated journalism. From a bastion of conservatism, Radio Canada and Le Devoir transformed the press into a catalyst for change and a communication channel for the gathering Quiet Revolution: “The press … became a center of new ideas, a locus for the spread of new perspectives and developing movements” (Milner & Milner, 1973, pp. 234 - 235).

The rapid diffusion of television through the fifties provided further ideological and cultural momentum for change. It was an important platform for rattrapage intellectuals and projected a compelling alternative to the clerical world view. Like the role of journalism in the desacralization and delegitimation of monarchist, clerical, and aristocratic rule in late eighteenth century France and the historic formation of a secular “public” (Carey, 2007), rattrapage journalism helped forge a “post-traditional” public for the democratic upsurge of Québec’s Quiet Revolution).

The breakdown of the traditional, clerico-nationalist bloc reinforced the co-operative movement’s sense of independence. It also helped re-embed co-operation within the secular, democratic movements of civil society. This shift would set the stage for the rise of a new activist ethic, opening-up a development path for the “new co-ops” of the third wave, and the “new social economy,” in the decades ahead. It suggested new possibilities for an enlarged, secular social movement family on the one hand and a new partnership between a modernized co-operative movement and the modernizing state on the other.

Père Lévesque helped forge the new intellectual conception and vanguard that would lead the movement’s renewal and win its field autonomy from the long arm of the church. Together with his peers and students, he helped defeat clerico-nationalism. This progressive social bloc would continue to radically revitalize Québec, and the co-operative movement, through the 1960s. He was a father of the Quiet Revolution.32 The

32 “Apart from the national and Catholic trade unions, it was the Faculty of Social Sciences at Laval that was in the 1940s the main centre of opposition to the policies of the Duplessis regime, to traditional
sixties involved a major crisis in the structure of established authority in Québec and opened the door for new actors and new ideas. Just as the flight of New France’s mercantile and colonial elites after the Fall created a power vacuum into which the Church moved, the secularization of Québec once again created an epistemic break with the past. It opened up new political space, into which the “new co-ops” would also move.

Central to the consolidation of the secular progressive project was the structural reform of Québec schooling. Under the long dark shadow of the Church, Francophone children in Québec generally had to join the priesthood or nuns’ orders to move on to post-secondary education. In fact, schooling was made compulsory only up to the age of 14 in 1942. Until the sixties, the Church delivered schooling to French-speaking children and published all French-language school texts. Like the structural transformation of the public sphere, driven by Radio Canada in the thirties, the introduction of public schooling, CEGEPs, and the Université du Québec in the sixties effectively consolidated the secularization of childhood, education, and Québec society (Milner & Milner, 1973).

The vacuum created by the rollback of Church control and influence was filled by two dominant forces. The Keynesian welfare state, under the aegis of a modernizing economic nationalism, supplanted the Church in the areas of health, education, and social welfare. It also played a leading role in the new means to popular salvation: intervention in the economy. This involved the cultivation of a Québec bourgeoisie, the creation of a crown sector and economic co-operation with the “old co-ops.” Much as the rattrapage State emerged, with a vengeance, from its dependence on the Church, this period also saw the emergence of many secular civil society organizations. The rise of new social movements including the mouvement communautaire played a vigorous role in the moral and intellectual reconstruction of post-traditional Québec, redefining the role of women, students, and workers in society. Some proposed a state independent of Canada.

French-Canadian nationalism and to the supremacy of the church in education and social services. During the 1950s several members of the faculty identified themselves with other opposition groups, such as the Cité Libre group led by Pierre-Elliott Trudeau and Gerard Pelletier, or the Institut canadien des affaires publiques, through which those on the left developed and publicized a systematic critique of Québec society and especially of the traditional nationalist ideology” (Behiels, 1989, p. 327).
Certainly, the sixties saw a surge to the left across North America and a continent-wide challenge to traditional authority. Nowhere was this movement more profound or its legacy more deeply rooted than in Québec. Here it coincided with the collapse of a major institutional order and the state that protected it. The Quiet Revolution was about substantially more than sex, drugs, and rock and roll. Insurgent sovereignty and socialist movements filled the vacuum left by clerical traditionalism and the Union Nationale. The spirit of rattrapage modernization didn’t include “dropping out” of Québec society. It inspired engagement and revolutionary structural reforms. Unlike the episodic nature of the US New Left, tied to the foreign policy crisis around the Vietnam War, the Quiet Revolution in Québec was an organic, long-range crisis in the very nature of the new Québec. The popular movement insurgency was therefore much more focussed on the long range project of social reconstruction. The sixties in Québec featured movements with deeper roots in fundamental and necessary social change.

These movement commitments proved durable. The Québec labour and women’s movements remain the strongest in North America, and their legacy has been more consequential. The sovereignty movement emerged as a serious force in the seventies and went on to form government. It introduced significant social democratic reforms, and held referenda on sovereignty in 1980 and 1995. Resurgent co-operation was just one expression of the popular energies of this extended social movement family, forged in the crucible of the Quiet Revolution. Largely, its rank and file were also devoted to re-imagining and rebuilding Québec on new foundations. As we will see, when Québec encountered deep recessions in the seventies and 1982, Anglo capital flight, and then the shocks of global restructuring, this well-defined and deeply rooted popular movement culture shaped innovative, mature, and sophisticated responses. It was not on the margins of Québec society. It helped constitute the new Québec.
4.4 The third wave: The Quiet Revolution, economic nationalism, and the “new co-ops”

Benoît Lévesque (1990) argues that the rise of consumer society in the post-war period set the stage for a final break with the development path of the old co-operatives of the first and second waves. The Quiet Revolution, and the state-led project in economic nationalism that emerged from it, transformed both the economy and co-operation in Québec. While first generation co-operation relied on church patronage for its practical and moral advancement, and the second generation struggled for independence from the church, the Quiet Revolution tilted the terrain toward a new patron: the modern state.

4.4.1 Rattrapage co-operation

The co-operative movement first emerged in Québec as an agent of French-Canadian social cohesion, moral cohesion, and cultural nationalism, under Church sponsorship. It was virulently anti-statist. By contrast, the modern co-operative movement of the Quiet Revolution became thoroughly implicated in the modernizing state’s project of economic and social rattrapage. The Lesage Liberals created the first Co-operatives Branch in 1963 and drafted the initial plans for the Société de développement co-opératif (SDC). These were just two important expressions of the post-traditional, more bureaucratic approach to co-operatives that would define the increasingly interventionist state.

This expanded state role was also expressed and supported in the dramatic expansion of post-secondary education, research, and co-operative expertise. The Université du Québec opened its doors to the working class. Specialist research agencies supplanted the previously hegemonic role of the SCESM and ÉSP in articulating co-operative development options. The new professionalism extended the developmental reach of the state and the Conseil Québécois de la coopération. New agencies institutionalized the secular and scientific authority of the perspective first advanced by Georges-Henri Lévesque in 1938. These included the formation of CIRIEC-Canada in 1967 and HEC Montréal’s Desjardins Centre for Studies in Management of Financial Services Co-
operatives in 1975 (Vaillancourt & Tremblay, 2008, p. 29). The co-operative movement found itself supported by *rattrapage* expansion in education as well as in the economy. Increasing numbers of university-educated, Francophone *Québécois*, who had limited opportunities in English-dominated private enterprise, found opportunities in the expanding state and crown sectors, in higher education, and in the co-operative sector.

This was a period of rapid change and aggressive state action, often in concert with the established sector. For example, the sixties saw a new player enter the co-operative field. Historically marginalized by the European settlement project, Inuit groups began using the co-operative model to break the Hudson Bay Company monopoly over supply and marketing. After two centuries of company rule, a federation was created in 1967, with the aid of the *Mouvement Desjardins*, the CCQ, and the state (Girard, 1999).

Indeed, civil society initiatives paralleled the expansion of corporatism and the Keynesian welfare-state through the seventies. The emergence of second-wave feminism (Maille cited in Gagnon, 2004, p. 291) and the energetic expansion of the *mouvement communautaire* reshaped the political terrain. The seventies were an “abrupt turn” in Québec politics. Increasing popular demand for opportunities to participate converged with the unions’ adoption of living conditions as a “second front;” a realignment of Quiet Revolution alliances around the PQ program after the October, 1970 FLQ crisis; and the graduation of a new generation of secular progressives eager for social change. It was a “decisive period in the development of community organization” (Lamoreaux, Mayer & Panet-Raymond, 1991, p.12).

These mobilizations had roots in the creation of *Associations d’économie familiale* (ACEF) in 1962. Their early focus was on credit counselling and welfare rights advocacy for the poor. In 1968 they launched a legal aid service. Critical to the gestation of a new co-operative movement were its co-operative development courses, providing assistance

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33 The rise of a class of co-operative experts outside the management ranks of the movement itself reflected a dynamic expansion in the scope and credibility of social research in Canada through this period. For example, between 1956 and 1977, the number of sociologists teaching in all Canadian universities increased twenty-fold from only 32 to 917 (Hiller cited in Brym & Fox, 1989, p.20).
to groups launching production, credit, and food co-operatives. By 1973, the ACEF network had 53 full-time staff and hundreds of volunteers. It represented 389 member associations, a significant grassroots network for co-operative innovation diffusion. Moreover, by cultivating the financial support of trade unions and *caisses populaires* (Fournier, 1976), the ACEF network bridged the urban reform movement, the established labour and co-operative movements, and the emerging “new co-operatives.”

In the seventies, grassroots efforts to build alternative institutions, beyond the market and the state, included community radio, housing co-operatives, and non-profit childcares. Desjardins adapted the criteria for *caisse populaire* membership, traditionally tied to the parish, to include trade union sponsored *caisses d’économies*. The state increasingly funded community-based service delivery and advocacy organizations (Vaillancourt & Tremblay, 2008). The consequences of community organization in the Quiet Revolution were felt long after the FLQ crisis, prefiguring what would later come to be known as the New Social Economy. An early expression of the confidence of emerging popular movements and surging co-operative innovation in the sixties were grassroots efforts to launch “phoenix co-operatives” to re-open abandoned plants. Ex-workers and local elites, embittered by absentee owners’ unilateral decisions, favoured worker self-management schemes. They met stiff opposition. In one study, nearly half the businessmen canvassed viewed production co-operatives as a “threat to the economic system.” As a result, the state provided financial assistance only to co-operative projects that avoided worker participation. Local communities kept some plants open but their efforts to wrest control from investors were frustrated (Fournier, 1976).

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34 The pace and scope of this community movement was dizzying through the first half of the decade, as Lamoureux et al. (1991) document: “ACEFs became more and more numerous, dozens of consumer associations sprang up, food co-ops expanded, *Associations pour la dés droits sociaux* groups mushroomed and organized significant battles, and the popular education movement experienced spectacular growth. New groups emerged: community daycare centres, worker co-operatives, and community media. Political theatre groups and progressive filmmakers, writers and musicians appeared on the cultural front. Associations were formed to defend the rights of retired people, the handicapped and injured workers” (p. 12).
However, it was mostly a big business roundtable, the *Conseil d’orientation économique du Québec* (COEQ), that brought established co-operative and state elites together to define the *rattrapage* agenda for co-operation. The Chamber of Commerce requested *Co-op Fédérée* and *Desjardins* become members of the COEQ in 1961. Joining this strongly interventionist, state-led development project was a decisive break with traditional co-operatives’ anti-statism and their anti-business *mentalité*. The COEQ created the institutional basis for Québec’s new state-based corporatism. Its development plan assigned the state “a major role in the control and direct placement of investment.” The Lesage Liberals launched the *Société générale de financement* (SGF) in 1962 and the *Caisse de dépôt de placement* in 1965. The Desjardins movement created the *Société d’investissement Desjardins* (SID), and its subsidiary, the *Crédit industriel Desjardins* in 1971. Desjardins was the leading financier of the provincial state under the Bourassa Liberals (Lévesque, 1990, pp. 112 - 114).

The established co-operative movement thus entered into a top-down strategic alliance with the state and the private sector to repatriate economic power in Québec through the sixties. A secular and largely bureaucratic project, co-operation in the new Québec was strictly secondary to the zealous exercise of state power welcomed by the Quiet Revolution. The Lesage Liberals were preoccupied with creating state enterprises from 1960 to 1966. In 1962, the entrepreneurial state created the SGF to accelerate industrial development. In 1963, it moved to capture revenues from power generation by launching Hydro-Québec. In 1964, on the initiative of Lesage’s Minister of Natural Resources René Lévesque, the Liberals formed the Québec Steel Corporation (Sidbec), making steel available to Québec industry at affordable prices. The next year, Lévesque accelerated resource development by creating the Québec Mining Exploration Company (Soquem). Also in 1965, several pension funds were amalgamated to create an investment pool, the Québec Deposit and Investment Fund. Finally, in 1969 this string of innovations in Québec public enterprise led to a crown corporation to explore, produce, and distribute oil: the Québec Petroleum Operations Company (Soquip) (Fournier, 1976).
The preferential role given co-operatives by the Lesage Liberals nonetheless positioned Desjardins as the province’s leading financial player. It assumed an economic and industrial development role, financing major public projects like schools and hospitals. Active state engagement created favourable conditions for well established co-operatives. However, this new-found state recognition, and protection, also threatened movement autonomy. Indeed, joining this corporatist alliance laid the basis for an ideological crisis within the movement was deepened by Marxism’s increasing influence within the social movements and the “new co-ops.” The sector was participating “in the renewal and the strengthening of the Québec bourgeoisie” (Lévesque, 1990, pp. 113 - 115).

In fact, for many, the co-operative sector had become an important fraction of the Francophone bourgeoisie, and the project of French Canadian capitalism. In Fournier’s analysis of the “Québec Establishment,” for example, he calls Co-opérative Fédérée and the Mouvement Desjardins “key French Canadian Corporations.” He even refers to Desjardins as a “co-operative monopoly.” Since the late sixties, the co-operative establishment thus faced a challenge “from below.” This was the rapid rise of a new generation of co-operatives, driven by the new attitude of the Quiet Revolution and the new social movements. Large numbers of new co-operatives emerged in housing, work, forestry, and “new food” co-operatives throughout the seventies (Lévesque, 1990). Often led by women (Goldblatt, 2000) and community activists, these emerging sectors were frequently at odds with the more typically male, white, rural, older, and more conservative leadership of the old co-ops. This new co-operative resurgence benefited from the mobilizations of the mouvement communautaire, social unionism, and second wave feminism through the seventies. It was an expression of new energy from the broader social movement family within which third wave new co-ops were embedded.

35 “The fraction that operates at the Canadian level, or that is organically linked to Canadian financial networks and the Canadian state, is mostly federalist. On the other hand, the fraction that operates mainly at the Québec level depends on the local market, or is supported by the Québec state, tends to be nationalist and sees the eventual growth of the Québec state as a means of improving its relative position. This latter group includes some of the key state enterprises and the large co-operative monopolies, such as the mouvement Desjardins” (Fournier, 1976, p. 210).
As Lévesque (1990) argues, the new co-operatives represented more than a diverse, activist social base within co-operation. They also represented a rival bloc or “alternative co-operative project” based on a new activist ethic and new co-operative models. Often shunned by co-operative traditionalists and marginalized within established movement structures, the new co-ops existed in an uneasy alliance with the old co-ops. These needy, youthful, and reform-minded new sectors were therefore more receptive to government involvements in emerging sector development than the established movement leadership. By 1976-78, this division between established and emerging co-operative sectors would increasingly lead the new Parti Québécois government of René Lévesque away from the corporatist policy of preferential treatment for established co-operatives in favour of green shoot policies geared to the launch and expansion of the new co-ops:

The state under the Péquiste regime was able to play a major role in the development of new co-operatives while the traditional co-operatives isolated themselves from demands arising from the new social movements. These found their expression in the new co-operatives. Yvon Gauthier goes even further noting that the ‘petite bourgeoisie’ who reigned over the Caisses populaires had little faith in housing co-operatives, in consumer co-operatives and even less in worker (production) co-operatives… The traditional co-operatives rejected the role of initiators or promoters of new co-operatives. (p. 129; my emphasis)

A new regionalism was also beginning to stir from below. This cross-cut the centralized silo structure of established co-operatives. In the early seventies, the Conseil des coopératives de l’Outaouais emerged. This experiment in joint regional action inspired the launch of the co-opératives de développement régional (CDR) program in the eighties. Pilot initiatives in Outaouais, Québec, and Saguenay / Lac-St-Jean in 1983 generated 27 new co-operatives and 275 permanent new jobs within two years (Tremblay, 2005, p. 147). This regional development co-operative network, modeled after the UK’s Co-operative Development Agencies and the French boutiques de gestion, would revolutionize development practice in the decades ahead (Girard, 1999).
4.4.2 A Movement Divided

It was against this conflictual backdrop, compounded by the rising tide of sovereignist sentiment, that the co-operative movement was enlisted by the Parti Québécois. The PQ was launched in 1968 and first formed government in 1976. The PQ rolled out the Société de développement co-opératif plans conceived by the Liberals but incorporated Liberal program and policy in a more aggressive economic nationalism. Indeed, the early PQ modernization project was based on a traditional social democratic approach: fostering a mixed economy where co-operation played a larger role but the state took the lead. It would involve several established co-operative federations in the effort to “catch up.” But the PQ also subsidized the launch and expansion of new co-operatives.

The PQ approach was triply determined: by the rattrapage emphasis on modernization and the corporatist networks it inherited from the Lesage and Bourassa Liberals; by a redoubled economic nationalism befitting a sovereignist party; and by a new, democratizing emphasis on the new co-ops and the new social movements, of which the PQ was itself an expression. There would be a special, but more complex, relationship between the co-operative tradition and the PQ project, just as the Lesage Liberals had seen a special role for the Mouvement Desjardins in financing rattrapage. PQ leader René Lévesque hailed co-operatives as “parmi les plus authentiquement et interacinablement Québécois que nous ayons” [among the most authentic and deeply rooted Québécois institutions that we have]” (McGrane, 2007, p. 232). Indeed, in a synergistic expression of movement and state goals unprecedented in North America since the election of the Co-operative Commonwealth Federation in Saskatchewan in 1944 (Lipset, 1959), the Péquistes’ ten-point economic platform in the 1976 election mentioned the co-operative model in at least six places (Lévesque, 1990).

This enthusiasm for co-operation as a public policy priority was driven by two realities: the Péquistes’ long-term need to protect the economic integrity of a sovereign Québec and their short-term political need to establish the credibility of their economic program with the voting public. The sovereignty movement needed to defend its project, against both capital flight and the destabilizing economic tactics of its enemies. In the seventies,
Lévesque’s social democratic platform led the media to regularly compare him to “Castro” (McGrane, 2007). However, the campaign to discredit the P.Q. went well beyond name-calling and red-baiting. It was deeply rooted, in the monopolistic structure of corporate media power in Québec and the concerted efforts of federalist interests.

4.5 The Péquistes’ agenda and the media backlash

The position of Montreal daily La Presse illustrates entrenched media opposition to the Péquistes’ agenda. On February 24, 1970, the owner of La Presse told the Senate Committee on Mass Media he would intervene if one of his dailies endorsed the PQ editorially. Paul Desmarais said he would prefer to let La Presse die than let it be controlled by its journalists. Further, in a December 9, 1972, editorial statement, La Presse declared its intention to resist state efforts to diminish the power of private capital. The entrenched and determined opposition of Desmarais’ La Presse took on further significance on August 10, 1973, when La Presse acquired its rival Montréal-Matin—and control of two-thirds of French language daily circulation in Québec (Fournier, 1976). As Milliband had argued, “for indoctrination to occur it is not necessary that there should be monopolistic control and the prohibition of opposition: it is only necessary that ideological competition should be so unequal as to give a crushing advantage to one side against the other” (1973, p. 164).

Like media owners, advertisers were prepared to exercise their market power for political ends. The cases of Québec Presse, a nationalist left-wing weekly, and Le Jour, a PQ-backed daily, illustrate. Launched in 1968 with the support of the unions, the Québec Presse co-operative was forced to fold in 1974, unable to hold a sufficient adverting base. A PQ-backed Montréal daily, Le Jour was launched in February, 1974—also motivated to counter the biases of the established dailies. This newspaper co-operative was also undermined by an advertiser boycott. While Le Jour and Le Devoir had comparable circulation, Le Devoir had triple Le Jour’s advertising revenues (Fournier, 1976, pp. 105

36 “The newspaper La Presse believes in private enterprise such as it is practised and is evolving in the world, but it approves limited intervention and planning by the state. The newspaper La Presse will follow with a vigilant eye any trend that could incite governmental leaders to go beyond the limits of healthy state intervention” (in Fournier, 1976, p. 104).
The Québec Press Council found several ministries had conspired to withhold a fair share of government advertising from *Le Jour* (Raboy, 1984). Fournier also found that a third of canvassed Québec business people felt companies should not advertise in “newspapers opposed to the present political system” (1976, p. 105).

The investor-owned press clearly operated as a social control mechanism to keep sovereignty and social democracy at bay—with economic, ideological, cultural, and political consequences for co-operation. However, the co-operative challenges mounted by *Québec Presse* and *Le Jour* placed the legitimacy—and legitimization role—of the daily press in popular question. Indeed, a rash of exposés on the Québec media were published from 1971-73. These included a press freedom manifesto, published during the 1971 strike at *La Presse*, outlining 14 alleged cases of censorship by the newspaper’s management (Fournier, 1976). Indeed, like the public service strike of 1972, the issue of press freedom during the *La Presse* strike forged new solidarity among the unions. This built on increasing broad-front co-operation and an emerging commitment to “social unionism.” According to Raboy, the role of *Québec-Presse* in establishing a sense of belonging to a new common political culture “cannot be overestimated” (1984, p. 62).

4.6 The Péquiste agenda and the federalist backlash

As Conway (2004) argues, federalists repeatedly resorted to economic blackmail and dirty tricks to intimidate Québec into not separating. This became a central political preoccupation for the Péquistes. Lévesque first experienced what he would refer to as “economic terrorism” in 1970, the first provincial election in which the PQ vied for power, and lost.37 This scare campaign accentuated the attractiveness of co-operative

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37 “(M)any in English Canada and federalist circles feared that the charismatic Lévesque could conceivably win. So the … fear campaign began. Federalists in Québec and Ottawa claimed that the Québécois would experience an overnight drop of 35 percent in their standard of living if Lévesque and the PQ were elected. Plants would shut down, unemployment would spiral and savings and investments would be put at risk. Potential investors would panic and refuse to risk their capital. Worse there would be massive flight of capital out of the province.

This point of view seemed confirmed by the events of early Sunday 27 April, two days before the election. That morning, nine Brinks trucks pulled up to the front door of the Royal Trust building on Dorchester Boulevard. This in itself was unusual, not only because it was Sunday morning but also because Brinks typically used the garage entrance, for obvious security reasons. Despite the early morning hour,
enterprise to the PQ and to sovereignists inside and outside the co-operative movement. Co-operative capital was member-owned, territorially rooted, and was therefore an important hedge against capital flight. After being defeated at the polls by economic threats that spring, sovereignist resolve deepened to strengthen the francization of the economy. This included a commitment to expanding co-operation. Indeed, the “co-operative project” was an important terrain on which sovereignist and social democratic interests fused. The co-operative revival would help consolidate the PQ’s project.

Indicative of the green shoots thinking of the new government after 1976, the Péquistes supported co-operative housing starts and regional expansion of forestry co-operatives. In 1977, about twenty technical assistance groups were formed to address the housing shortage. Over the next decade, this intervention boosted the number of housing co-operatives from 30 to over 700 (Lévesque, 1990). Lévesque’s Parti Québécois also reserved forestry management contracts on fifty percent of crown forests for co-operatives in 1978 (Girard, 1990). This drove further diversification of forestry co-operatives and curbed company exploitation of lumberjacks through contractors or “jobbers” (Bridault & Lafrenière, 1989, p. 164). Aiming to have an operational forestry co-operative on every management unit of public forest, the state recognized the importance of these co-operatives in forestry workforce development and as local hubs for diversification into reforestation and industrial wood-processing (Carrier, 2004).

It is also within this context of its impatient rattrapage, social democratic, and sovereignist agendas that, in 1979, the Parti Québécois took control of the Société de développement co-opératif (SDC). In 1977, the SDC was established by the PQ as a joint state-movement agency to finance co-operatives, particularly in new sectors. However, photographers from the Montreal Gazette were on hand to get some front-page pictures. The trucks were ostentatiously loaded with boxes of “fleeing capital” in the form of what we claimed to be “securities” and were driven to the Ontario border… which … broadcast and rebroadcast for the next two days to counterpoint the newspaper pictures and headlines and … interviews with representatives of the business lobby and responsible Québec politicians, like premier-in-waiting (Robert) Bourassa. The event had been elaborately staged, requiring the co-operation of the media, Royal Trust and the Brinks Company. It was just one more incident in a campaign of hysteria and fear, which Lévesque denounced as “economic terrorism.”” (Conway, 2004, p. 76)
the PQ had grown restless with the pace of co-determination. For its part, the sector had grown nervous with being harnessed to the state’s *rattrapage* agenda. The SDC was brought under full state-direction to break the gridlock. The PQ allocated $25 million to the SDC for co-operative capitalizations and $5 million for technical assistance and agency operations. Against the established sector’s ambivalence toward new sector development, the SDC moved ahead with its own plans. It targeted the development of housing, forestry, and the consumer co-operative sectors. The PQ also provided tax credits to encourage investment in co-operatives. While it came to the aid of a number of distressed *caisses populaires*, the Parti Québécois also diverged from the objectives of the established co-operative movement. This further strained state-sector relations. The nationalization of electricity, which undermined electrical co-operatives, is one example.

This polarization between established old co-ops, which resisted innovation, and emerging new co-ops, which embodied it, destabilized co-operation in Québec. Both internal movement cohesion and government-sector relations were disrupted as the state shifted support from the “frozen” traditional co-op sector to the dynamic new co-operatives. As globalization swept the province in the eighties, the co-operative movement was divided between an ambivalent established sector and a vulnerable set of emerging sectors orphaned by the intransigence of their old co-op movement parents. The co-operative movement was challenged to revisit, re-invent, and re-align its policies and development strategies to meet the new realities. Once again, co-operation in Québec was at a crossroads.
CHAPTER FIVE

ANOTHER NATION IS POSSIBLE:
GLOBALIZATION, CONVERGING MOVEMENTS FOR ECONOMIC DEMOCRACY & QUÉBEC’S CO-OPERATIVE RESURGENCE, 1980 - 2010

As the eighties dawned in Québec, the co-operative movement was mired in division. On one side were the “new co-ops” that reflected a left-leaning urban counter-culture, but lacked capital, technical assistance, and the enabling policy framework to develop effectively. On the other side were the old co-ops. Focused on serving their mostly rural members, rooted in another generational experience, and unsympathetic to the new worlds of worker and housing co-operation, they disavowed responsibility for developing these emerging sectors (Lévesque, 1990). This generation gap left the energy for new development on the sidelines of official co-operative business. The dominant establishment of old co-operatives ruled the oligarchic CCQ. The dominated new co-operatives struggled to establish themselves. Encountering establishment indifference, the orphaned new co-ops instead found shelter in state-funded pilot projects, in the labour movement, in the community economic development movement, and, by the mid-nineties, in the social economy movement.

The co-operative field which emerged from this contradictory situation over the past three decades introduced further innovations: new economic intermediaries and solidarity finance instruments, including trade union funding and technical assistance. But behind the new economic intermediaries, state policies, sector strategies, and research output were the constant presence and pressure of Québec’s uniquely well-organized social movements, particularly the mouvement communautaire, the labour movement, and the women’s movement. The broad confluence of movement-driven economic action that emerged in the eighties enabled a grand strategy to support the development of the social
economy from above and from below. This dense network is almost entirely the product of post-1980 innovation, organization, and struggle.

All of this activity and innovation took place, of course, within a larger macro-economic and macro-political context. For the divided trajectory of the co-operative movement was disrupted by three powerful new social forces in the early eighties: economic globalization, the decline of the Keynesian welfare state (KWS), and the deepening crisis of Canadian federalism. These new forces fundamentally reshaped the co-operative field of action. They forged new social actors, disrupted the balance of power within the CCQ, challenged the orthodox view that the CCQ had no role to play in new co-operative development, and led to new movement collaborations. They also set the stage for a bold new partnership with the state to drive co-operative development.

Indeed, this emerging co-operative development network was supported by sweeping state policy modernization, including legal reforms, new capitalization and financing tools, the establishment of consulting services across Québec, and recognition and promotion of the co-operative option (Clement, 2009; Vézina, 2001, p. 149). This chain of policy innovations was negotiated in partnership with the movement. This “democratic partnership” in policy production drove reform. Indeed, campaigns to develop new sectors and new models frequently involved tight sector-state coordination.

5.1 Globalization: From retreat to renewal

Economic globalization redefined the structure of opportunity for co-operatives everywhere in the eighties. Markets were liberalized, deregulated, and unleashed new

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38 This “co-construction” of co-operative development policy itself represented a pioneering innovation. Traditionally, as Hoyt (cited in Fairbairn, 2004) has argued, public policies have varied. She has plotted five distinct approaches, based on the degree of intervention in co-operative development. These range from destructive policies that actively seek to suppress co-operative development to neutral, supportive, participating and controlling policies (pp. 306 – 308). While the conventional wisdom of the co-operative movement’s liberal democratic mainstream gives preference to neutral or supportive policies, Québec’s paradigm of “democratic partnership” rejects neutrality, actively embraces supportive policies and seeks forms of “negotiated participation” that might be considered a distinct new policy position between supportive and participating policies (or, perhaps more accurately, combining supportive and participatory policies).
cross-border competitive threats. Few could match the capitalization, or economies of scale, of the multinationals. Co-operatives were among many businesses to fail in this new competitive environment. Other co-operatives demutualized, merged, or abandoned their federated structures—just to stay in business (Lévesque, 1990). At first, these new competitive threats to established sectors further diverted development activity in Québec. Suddenly exposed to a wider competitive field, established co-operatives put the defence of their own operations first. The watchwords of the day were to protect, retrench, and consolidate. A survivalist common sense prevailed. At best, the development of new co-operatives, while the existing sectors were under siege, seemed like a frivolous luxury. At worst, it was a dangerous distraction. Other social actors could not afford to be so sanguine. The increasing economic and social dislocations of globalization in general, and the recessions of the late seventies and 1982 in particular, drove activists, researchers, social movements, and the state to search for new job creation and regional development strategies. Many called for a scaling up of co-operative development over the “dead body” of the established co-operatives and the CCQ.

In 1982 the worst crisis of joblessness since the Great Depression beset Québec, engendering an enduring resolve to create jobs. The unemployment rate climbed to fourteen percent, hitting young workers hardest. For those between the ages of twenty to twenty-four, the jobless rate hit twenty percent. New investments were dampened by interest rates ranging from twenty to twenty-two percent (McGrane, 2007). Once again in 1990-93, Québec suffered “the highest unemployment in 60 years” (Girard, 1999, p. 20). It was in this context of persistently precarious employment that the labour movement, the community economic development movement, and, later, the social economy movement filled the development vacuum left by the retreat of the established co-operatives and the CCQ.

This wave of popular economic insurgency would provide new movement allies to the previously orphaned new co-op sectors. Over the longer term, it would also place new bottom-up pressure on the CCQ to join these strategies for economic regeneration.
Indeed, the new alliances between these “new co-ops” and their adoptive new social movement parents put the popular legitimacy of the co-operative establishment in question. This both spurred new intermediary organizations and the eventual renewal and re-engagement of the CCQ. A major consultation and mobilization led by CCQ President Claude Béland in the early nineties, the États généraux de la coopération, signaled a new openness to the emerging sectors. But by the time the CCQ regrouped and was ready to re-engage the development field it found a range of other players already in place. It had lost its monopoly position, much of its moral and intellectual authority, and was now forced to reposition in a radically redefined field of development activity.

5.2 After the welfare state: The retreat of the state, the resurgence of civil society, and the rise of targeted partnership

In addition to its profound economic impact, globalization shifted the terms of co-operation indirectly by transforming the terrain on which the state manoeuvred. Beginning in the eighties, the neo-liberal doctrines of free trade, deregulation, and privatization curbed elected governments’ ability to intervene in economic life. Globalization drove the decline, in particular, of the interventionist policies and social program spending that defined the Keynesian welfare state (KWS) and the robust Québec model of economic nationalism. A “competitive state,” based on minimal services within a market society, was widely viewed as the only alternative in the new global economy.

The crisis of the KWS and economic nationalism in Québec was further deepened by increasing public debt. The PQ government’s credit rating was downgraded in 1982 (McGrane, 2007), as the recession drove up unemployment and interest rates (Girard, 1999). By 1994, the debt to GDP ratio had tripled from 1976, reaching 33 percent

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39 This event was held from 1990 to 1992 and consisted of about forty local and regional forums followed by a provincial conference. The entire process involved thousands of officers, managers and members and culminated in the adoption of a manifesto and several resolutions to ensure more cohesive action on the part of the Québec co-operative movement. Following along these lines, two summits were held, one on co-operative education in 1993 and one on worker co-operation in 1996. With the collaboration of union partners, a foundation was also created to promote co-operative education. The Conseil commissioned a few studies of current interest… (and) received a mandate to manage financing programs such as the program for CDRs” (Girard, 1999, pp. 21-22).
This rollback of the state also redefined the program and policy regime within which co-operatives operated. The retreat of the state, like that of the CCQ through the eighties, implied a civil society response to the crisis that included filling the co-operative development void.

As Lévesque suggests, the 1980 Summit on Co-operatives illustrated the reciprocal retreat of the established co-operatives and the state from developmental responsibilities, the marginal role of the CCQ in development, and the resort of emerging sectors to appeal directly to the state for targeted support:

After three years of preparation, the economic summit on co-operatives came off only with great difficulty in February 1980. From the outset, Bernard Landry affirmed that “the state should not be the motor of the action.” Highly structured co-operatives and the CCQ asked the state to limit its intervention to changes in the legislative framework, which would permit co-operatives “to act with the same ease as other enterprises operating in Canada,” specifically in the areas of investment and savings. New co-operatives, and particularly those in the sectors of housing, work and forestry, had more precise demands to make of government and were far more receptive to government intervention. This summit meeting clearly marked a turning point in government policy. The new co-operatives would now be the ones favoured by the state, while traditional co-ops would be left more or less to themselves. (Lévesque, 1990, p. 119)

This shift toward a targeted strategy of supporting emerging sectors built on the early initiatives of the PQ in housing and led to a focused effort to promote worker co-operatives. The housing initiative of the late seventies was distinct in that it brought together the reform of state structures (the formation of the SDC), the development of region-based institutional intermediaries (the technical resource groups), and the mobilization of citizen organization (the housing co-operatives) as a combined force for development. In this sense, it was a paradigm of the new development model that would emerge more fully in Québec through the eighties. Support for this technical resource group strategy in housing prefigured a wider and deeper shift. The state-led approach, which embedded co-operative development in economic nationalism (Vaillancourt,
2009), was being superseded by a decentralized approach that engaged civil society as a partner in regional development.

Devolution to civil society fundamentally redefined the terrain of co-operative development. In the new paradigm of local and regional development, resources would be decentralized. Completely new intermediary organizations, including Community Economic Development Corporations (CEDC), Regional Development Co-operatives (CDR), Local Development Centres (CDL), Local Social Economy Committees (CSEL), and federal Community Futures Development Corporations (CFDC) would emerge in the eighties to regroup local actors and resources. Together, these local and regional development coalitions would coordinate development from the “bottom-up.” As Neamțan (2004) argues, “the CEDCs represent a major cultural shift toward collaborative partnership in Québec over the past twenty years” (p. 26). By the nineties, this comprehensive restructuring, decentralization, and devolution of development strategy had led to a dense regional, local, and sectoral network of intermediary organizations. It also led to the full-fledged recognition of community economic development as a legitimate development strategy alongside those of public and private capital. In 1996 a new player entered the field, the Chantier de l’économie sociale. It further expanded the scope and scale of alternative development strategies proposed by the social economy.40

Early success inspired the state to replicate its housing development model in the worker co-operative sector. Here, too, the coincidence of an objective need for jobs and the cultural shift in favour of citizen action and worker self-management had created a political opening for the state. Like the technical resource groups in housing, the formation of worker co-operative advisory groups (groupes-conseil) led to a tripling in

40 Lévesque argues that this emerging model for the “social economy” had five defining elements: “1) recognition by all social players in the new social economy of its potential for local development and job creation; 2) adoption of a relatively consistent development strategy, at least for some sectors, a strategy that combines government financial and technical assistance with continued autonomy of these businesses and organizations; 3) importance of sectoral consolidation and local government of the CEDC or CFDC type; 4) replacement of a dual model by a social economy that is a full member of the economy as a whole, and of collective services; 5) a diversity of forms of institutionalization based on pilot projects.” (1990, p. 118)
the number of worker co-operatives in Québec in only five years. From 1982 to 1987, the sector grew from about 100 firms to over 300 (Lévesque, 1990). This represents only the beginning of the innovation string. Indeed, the new development model would be applied in various contexts. It would be adapted and re-invented. Ultimately, these experiments set in motion a chain of sequential and reciprocal innovations that would fundamentally transform Québec’s co-operative economy within the span of three short decades. By 2010, the co-operativization of funeral homes, home-care services, ambulance services, and the emergence of new co-operative models such as worker shareholder and solidarity co-operatives had transformed the structure of the co-operative field and the balance of power between the old and new co-operative sectors. These initiatives all owed a debt to the early experiments with technical assistance groups.

Early initiatives to promote co-operative housing and worker co-operatives also provide textbook examples of the new development dynamic. The cultural shift toward citizen action and co-operative living and work\textsuperscript{41} drove a successful political mobilization to address the popular needs of the day. This led, in turn, to financial, legislative, and technical assistance responses from the state. In this sense, these were also exemplars of a new attitude toward co-operative development, and toward a new understanding of the role of civil society and the state. The housing and worker co-operative pilots created important early working models and demonstration projects for building democratic participation in sector development strategies. Of course, the roll-out of these innovations would also take on a particular importance as governments grappled with de-

\textsuperscript{41} The World Values Study (WVS) uncovered evidence of a new global work ethos, including shifting public preferences toward greater participation in workplace decision-making (Nevitte, 1996). In English-speaking Canada, declining confidence in business management through the eighties was closely correlated with a spike in support for an increased role for employees in business decision-making. A 1994 Ontario study found that only eight percent favoured “privately owned enterprises run by executive management.” 64 percent favoured “employee participation.” 26 percent supported organizing the economy around “co-operative enterprises owned and managed by employees” (Livingstone, 2004, p. 261). But in Québec—with broad-based momentum for worker co-operative development—declining support for owner, state, and employee-employer management had migrated entirely to employee ownership and elected management. While English Canada favoured investors running businesses and appointing management over employee ownership and elected managers by a margin of seven to one, in Québec that margin has been reduced to only three to one. Less than half of French-speaking Canadians supported the traditional owner-manager accord (Nevitte, 1996). This legitimacy crisis for the investor-owned firm model also represented something of a cultural revolution in the economic life of les Québécois. It both reflected and reinforced the pace and cultural significance of social innovation in Québec.
industrialization and recession, embraced neo-liberalism, and set about scaling back the welfare state. As Lévesque argues, the new co-operatives were favoured by the eighties because they helped the state reduce its social costs, from public housing to social assistance to job creation (p. 131). In this respect, their appeal resembled that of co-operation’s first wave *caisse populaire* movement. The worker co-operative model at once promised to meet popular economic needs, the state’s fiscal needs, and an elite interest in social cohesion.

At the opening of the twentieth century, church and petit-bourgeois protection for the *caisse* movement defined the co-operative field’s relative autonomy. It was dependent on the clerico-nationalist social project. At the close of the twentieth century, it was state-sponsorship, and its project of economic nationalism, that principally conditioned the possibilities of the co-operative movement. The coincidence of co-operative development prospects with the demands placed on the state by global restructuring, i.e. to create cheap jobs, housing, or social services to backfill for the downsized welfare-state, defined the new horizon of the possible. Where once there was the Church or the developmental state, now there was the competitive state. However, this was a state in transition. It was a state facing an unemployment crisis and in desperate need of new, energetic social partners and development mechanisms to resolve it. It was a state that was open to innovation and compelled to partnership.

In this context, three key factors helped create the basis for a new, more comprehensive sector-state partnership to address the jobs crisis. These were the recently successful experiments in housing and worker co-operative development, the traditions of state support for community action (Lamoreaux et al., 1991; Caillouette, 2004), and corporatist inclusion of trade unions and the co-operative sector in macro-economic planning (Montpetit, 2004). This partnership regulation paradigm would support a new generation of co-operatives, primarily through the creation of a network of *Co-opératives de développement régional* in 1985. The CDR program was funded by the state but eventually managed by the CCQ. Each CDR had a core staff of seven and was self-governed by a board drawn from co-operatives in their region. Their task was to promote
co-operative development and deliver technical assistance to emerging co-operatives in their region. The CDR network was a hybrid enterprise that tapped both state funds and co-operative movement resources and networks. It was the centrepiece of an innovative restructuring of the co-operative development function in Québec. It was a window, too, into the shifting terms of the alliance between the old co-ops, the new co-ops, and the state. Interview subjects repeatedly referred to the CDRs in our conversations. The network was widely perceived as the force motrice of co-operative revival in Quebec.

The distinct counter-cultural mobilization which the new co-ops had expressed since the sixties both applied pressure, and opened up political space, for this, and other, innovations. This process took on a life of its own as macro-economic and political conditions drove the state and other social actors toward the new development mechanisms as a solution to the jobs crisis. Pilot collaborations in housing and worker co-operative development preceded, and made the case for, the CDR network. Similarly, the introduction of this new development system also illustrates the key role of cultural, political, and technical assistance mobilizations in co-operative innovation. Its success both required, and provided considerable impetus for, further social innovation.

5.3 After Canada: The sovereignty movement, economic anxieties, and the search for alternatives
The continuing crisis in federalism fuelled a full-blown sovereignty movement in Québec through the eighties. This would prove to have significant consequences for the development path of co-operation. The Parti Québécois (PQ) first formed government in 1976. It won forty percent of the population to a “Oui” vote in the 1980 referendum, nearly securing a mandate to negotiate political sovereignty and economic association. It won a second term in 1981. As part of their social democratic program, the Péquistes introduced several important reforms to strengthen the emerging co-operative sectors (Lévesque, 1990), particularly worker co-operatives (Quarter, 1992; Melnyk, 1989; Bridault & Lafrèniere, 1989). However, it also faced a sustained campaign of economic destabilization from federalist forces, and the reality—and threats—of capital flight.
(Conway, 2004). This political dynamic, too, introduced significant new threats and opportunities for co-operative proponents.

In 1981, two critical conflicts raised the stakes in the sovereignty debate, and deepened the resolve of the sovereignists. The first was Claude Morin’s private admission to PQ Premier René Lévesque in October 1981, that he had been an informer for the RCMP’s Security Service since the early sixties. Although the truth did not come out publicly until 1992, Lévesque found out about the betrayal of his Minister of Inter-Governmental Affairs on the eve of the first minister’s conference on the constitution in November.\(^\text{42}\) It was with this personal betrayal and the spectre of federal conspiracy as a backdrop that Lévesque was subjected to the public humiliation of a back-room deal that excluded and isolated Québec (Conway, 2004). This would come to be known as “the night of the long knives” and would further stoke the embers of melancholic nationalism (Maclure, 2004). It would also set in motion a chain of events that would nearly mark the end of Confederation as we know it. Lévesque’s controversial and divisive “beau risque” gambit—to postpone the sovereignty question as an insurance policy to negotiate a better accommodation with Prime Minister Brian Mulroney—collapsed in 1985. On Lévesque’s death in 1987, a hundred thousand mourners washed into the streets (Conway, 2004). The subsequent failure of the 1990 Meech Lake Accord was exploited to support the formation of the Bloc Québécois, a sovereignist party in the federal House of Commons. The Charlottetown Accord’s failure, followed by the Bloc’s rise to official opposition in 1993, would push the indépendantistes back to a hairs-length from victory in the 1995 sovereignty referendum. 49.4 percent voted “Oui” to secede from Canada, if efforts to negotiate a new partnership with Québec were unsuccessful.

\(^{42}\) As Conway (2004) recounts, the impact on Lévesque was devastating: “Evidence presented to the McDonald Commission, a royal commission established in 1977 to inquire into the RCMP’s secret “dirty tricks” campaign against separation in Québec, revealed the high quality of the information obtained by the RCMP from “paid sources in the PQ,” including “the annual budget of the PQ, a project for an independent Québec, a possible Québec cabinet shuffle, the legislative priorities of the Québec government, a proposed federal-provincial agreement and the instructions from a Québec cabinet minister to Québec public servants on how they could use federal funds abroad to promote Québec interests.” (p. 118)
One central theme throughout this secessionist period had special significance for co-operative development: the theme of economic fear. The province was plagued by a series of recessions—in the mid-70s, in 1981-82, and in 1990-93 (Girard, 1999). The shifting base of Canadian capitalism to Toronto and the initial shocks of globalization both hit Montréal hard. They presented two disturbing trends to an already politically anxious and economically insecure Québec working class. Separatists cast Québec’s economic woes as a function of limited powers and wrong-headed federal policies; Ottawa sold its transfer payments and program spending as a lifeline without which Québec would certainly plunge into a far more desperate crisis. As Conway (2004) has documented, politics in Québec throughout this period were largely shaped by this debate.

In 1978, the PQ drew the battle lines with the introduction of Bill 101, enforcing English as the official language in all areas of life. Like the dramatic spectacle of capital flight seared into the public’s imagination by Royal Trust’s convoy of Brinks trucks in 1970, Sun Life Insurance very publicly announced it would now move its head office from Montréal to Toronto: “There was a haemorrhage of English head offices leaving Québec in the ensuing years, including, according to a survey by Québec’s organized business lobby, 629 firms between 1979 and 1982 alone” (Conway, 2004, p. 101). This politicization of investment decisions was polarizing. It led both to trauma and increased anxiety for an economically vulnerable population and to outrage and defiance for sovereigntists and trade unionists, in particular. The importance of economic policy and economic reassurance to a nervous electorate could not have been clearer to the indépendantistes. Predictably, a renewed interest in the development of member-based, territorially-rooted co-operatives resulted. They were owned and controlled by Francophone Québécois and they were not a flight risk. This new interest in co-operatives was shared by federalists eager to stabilize the union. Jobs lost to Anglo-capital flight and global structural adjustment concentrated the attention of a wide constituency on job creation.
The downgrading of the PQ’s credit rating in 1982 accelerated the rollback of state investment and program spending. Since it coincided with a deep recession (McGrane, 2007), it also reinforced the need for grassroots economic action. Much as the early Rochdale co-ops benefited from the release of activist energy and commitment after the political failure of Chartism (Fairbairn, 1994), many sovereignty and federalist activists alike now embraced local economic action between elections and referenda. For example, one CDR manager described the co-operative movement to the author as an expression of the cultural struggle for national emancipation and the *francization* of the economy.

In the run up to the Charlottetown referendum in 1992 and the 1994 Québec election, economic fear appeared to be realizing diminishing returns for federalist forces. Sovereignists were pushing back. Grassroots backlash encouraged many Québec businesses, including the *Chambre de Commerce du Québec*, to opt for neutrality during the Charlottetown Referendum.43 The legitimacy of federalist scare tactics took another blow when Pierre Trudeau, former prime minister and iconic foe of independence, denounced the Charlottetown Accord in 1992. In a 1 October speech, he railed against Accord advocates’ economic scare tactics. The highly publicized and credible criticism made it difficult to deploy these tactics effectively. Trudeau’s dramatic move likely pre-empted federalists from pursuing scare tactics as energetically as they might have (Conway, 2004).

Similarly, in the run up to the 1994 provincial election the banks encountered stiff opposition to their gloomy economic forecasts for a sovereign Québec. Once again, the Royal Bank weighed in against sovereignty and once again the sovereignists pushed back. The difference this time was that the balance of public opinion had shifted. According to a January 1994 Gallup poll the province was nearly split on whether Québec would be economically better or worse off outside Canada (Conway, 2004). The

43 “These decisions may have had something to do with the hostility faced by the Royal Bank in Québec following its intervention on the *Yes* side. Many customers in Québec closed their accounts in protest, *Non* stickers were plastered on many branches, and *Non* campaign leader Parizeau accused the bank of profiting by secretly speculating on the sharp decline in the Canadian dollar that the bank had helped to provoke” (Conway, 2004, p. 155).
Confidence of the PQ in taking the offensive against Bay Street had shifted too. Building on the new realities of a borderless world posed by globalization and the (post Free Trade Agreement) continental economy, the new leadership of the PQ and the Bloc argued that sovereignty now made even better economic sense. They also intimated that a PQ government was ready and willing to punish the banks for fear-mongering.\textsuperscript{44}

In the 1995 referendum, federalists would once again resort to scare tactics. This time, the Péquistes would retaliate with more than self-confident rhetoric. When Standard Life’s Claude Garcia urged voters to “crush” the separatists, putting the sovereignty issue to rest once and for all, the government called for bids on $11.5 million worth of insurance contracts held by Standard Life. The PQ also fired Garcia from his position as Chair of the board of the Université du Québec à Montréal. Receiving the message, this time the business community would largely sit the campaign out. What is more, business leaders were divided on sovereignty. Those opposed confined their efforts to backstage contributions to the Non campaign, which strove to create a crisis atmosphere. Prime Minister Chretien suggested the Québécois might lose their pensions, currency (and therefore their savings), and passports. Provincial Liberal leader Daniel Johnson predicted average tax increases of $3,000, a mushrooming deficit, and an immediate loss of 92,000 jobs. Federal Finance Minister Paul Martin claimed a Oui vote would jeopardize a million jobs (Conway, 2004).

Even after the razor-thin victory of the Non forces in the 1995 referendum, the economic warfare continued. As Conway argues, the federal government’s post-referendum strategy had four elements. First, it aimed to destabilize the Québec economy by forcing

\textsuperscript{44}“Parizeau, a distinguished economist, a top-level career civil servant and academic, and member of the economic elite himself, was particularly confident in his knowledge and experience and dealt easily with complex economic issues, preferring to attack federalism as a drag on Québec’s economy rather than apologizing for sovereignty or agreeing there might be large costs involved. Indeed Parizeau consistently blamed federalism and the constitutional deadlock for Québec’s stagnant economy and high unemployment and poverty figures…. Whenever prominent business leaders or financial institutions warned about the heavy costs of sovereignty, Parizeau and Bouchard were both quick to rap their knuckles for “fear-mongering”… Parizeau and PQ candidate Daniel Paillé implied that banks, brokerage houses and other financial institutions that persisted in such economic fear tactics in the run-up to the Québec election would pay a price after a PQ victory in lost business. The result was fewer negative interventions from the business community” (Conway, 2004, pp. 193-4).
the PQ to contend with internal challenges from English language rights groups, partitionists, and from Ottawa. This undermined its ability to focus on good government. Second, it polarized by encouraging extremists in the minority and business communities, a classic form of low-intensity conflict meant to further undermine the resolve of the indépendantistes, and frighten away their soft support. Third, these tactics were meant to destroy the PQ, even if it meant losing Liberal seats in the next federal election. Finally, by punishing business friends of sovereignty and rewarding its vocal critics with high profile business patronage, Ottawa further divided the sovereignty movement. The PQ was caught between business demands for spending and tax cuts, on the one hand, and demands for new spending from its social democratic base, on the other (Conway, 2004).

This highly charged environment set the stage for the first 1996 economic summit, which would lead to the historic inclusion of the community sector and the creation of the working group on the social economy, le Chantier de l’économie sociale. Given the threats posed by globalization, capital flight, and the retreat of the state, the achievements of popular economic innovations over the past two decades, and the cumulative effects of the recession of 1990-93 (Girard, 1999), the timing was auspicious for a concerted mobilization of popular movement forces. State support would follow.

5.4 The new political economy of co-operation in Québec
The three inter-locking crises of globalization, the KWS, and Canadian federalism defined the new political economy of co-operative development in Québec, profoundly shaping the autonomy and structure of Québec’s co-operative field. However, these contradictions would not simply create new threats to co-operative development. They also created an environment for social innovation. In this emerging culture of open-ended economic possibility, the co-operative model was seen as a solution. Co-operative development was harnessed to solve the problems of deindustrialization and job loss, to compensate for the inability of the state to deliver needed new public services, and even as the basis for a more stable, more territorially-rooted economy in which French was the

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45 As Giddens (1983) has argued, “the more there is a fusion or ‘overlap’ of contradictions, the greater the likelihood of conflict and the greater likelihood that such conflict will be intense” (p. 145).
language of work and Francophones could move up the ranks to management. Co-operation was a resurgent feature of a distinct new Québécois development model.

The fusion of these contradictions generated intense conflict and diverse popular movement responses. Trade unions turned to worker co-operation as a mechanism to arrest job loss. Communities organized community development corporations (CDCs) to overcome local and regional under-development. The women’s movement organized regional social economy committees to campaign for social infrastructure and women’s employment in areas like childcare and homecare. Sovereignists, socialists, and social democrats all increasingly recognized the importance of economic action to advancing their larger social projects. Federalists, many of whom were also socialists and social democrats, recognized the importance of reinforcing the role of the Canadian state in aiding the Québec economy. However, this groundswell of diverse initiatives and actors would also drive a longer range confluence of social movements toward increasingly ambitious, and co-ordinated, forms of popular economic action. This insurgency from below would condition the co-operative movement’s growth, character, and innovation capacity over the next three decades.

5.5 Understanding the “co-operative boom” in Québec (1980-2010)
It is tempting to characterize the past three decades of innovation and achievement in Québec as a co-operative boom. However, the term “boom” connotes a merely quantitative, all-encompassing growth of already-existing sectors. It is, therefore, a misleading characterization of a deeply contradictory situation in which there was strong growth in some sectors but colossal failures in others. This was, rather, a shift in the balance of power from distressed or stagnant sectors to the new growth poles of the movement, i.e., the emerging sectors. It was a transformation of the structure of the co-operative movement that was very fluid and subject also to reversals.

Some established sectors continued to prosper in the restructured new global marketplace of the eighties. While free trade brought the threat of competition from American financial service companies, by 1993 Desjardins bought out a private sector competitor,
La Laurentienne, a $20 billion acquisition (Girard, 1999). Indeed, by 1996, Desjardins had consolidated its position, with five million members (out of a provincial population of seven million), assets of almost $83 million and 1300 caisses across Québec (Lévesque & Ninacs, 2000). Today, it is expanding across Canada.

Emerging sectors also made headway. In 1985, both the worker co-operatives and the worker co-operatives in the forestry sector established federations. Through a strategy of aggressive diversification, forestry co-operatives took up logging and wood processing, seedling production, forestry management, and reforestation, and became a leading player in the local development of resource regions. They generated an annual turnover approaching half a billion dollars by mid-decade (Girard, 1999). Indeed, first among the many accomplishments of this period of social innovation was the early boom in worker co-operative development. From 1993 to 2003, this sector posted an eighty-seven percent rate of growth (Craddock & Kennedy, 2006). Worker co-operatives, a historic footnote to the co-operative movement, accounted for ten percent of all co-operatives in Québec by the turn of the millennium. Worker co-operatives in forestry alone accounted for eighteen percent of all co-op sector jobs (Vézina, 2001).

This “wedge sector” also acted as a powerful demonstration case for broader co-operative possibility, particularly in job creation, and for the involvement of workers in new co-operative structures. Consequently, this period also marks the adoption of the worker-shareholder co-operative and solidarity co-operative models—and the exponential growth of these new sectors. These hybrid models have each since overtaken the worker co-operative as growth poles of the sector. While legislation enabling the incorporation of worker shareholder co-ops was not passed until 1983 (Girard, 1999), these co-operatives, which fuse worker and shareholder stakes, already accounted for nine percent of all jobs in the entire Québec co-operative sector by 2001 (Vezina, 2001). By 2006, there were 65 worker-shareholder co-operatives, employing 3,991 people in Québec. There were 172 solidarity co-operatives, employing 2,674. While marginal in a macro-economic sense, when combined with the 7,009 people employed by the province’s 184 worker co-
operatives, the net employment created by these emerging sectors (13, 674) constituted a full third of jobs in Québec’s non-financial co-operative sector (Clement, 2009).

In 1987, the funeral co-operatives formed a federation, five housing co-operative federations consolidated into one sectoral organization and the worker shareholder co-operative model began to extend the reach of worker-led co-operative organization into capital-intensive enterprises that were previously beyond the reach of workers’ savings alone. In 1990, the CCQ commissioned a study on this new model’s prospects.

Other sectors suffered very real setbacks. In the recession of 1982, for example, the federation of co-operative food stores collapsed. The following year, the federation of fishers’ co-operatives also folded (Girard, 1999). Indeed, Lévesque (1990) paints an alarming portrait of the “disaster” of the recession’s collateral damage in the traditional co-operative movement.46

Further complicating matters, there were also many reversals of fortune for these sectors. For example, in the late nineties, the steady growth of school co-operatives encountered stiff competition from e-commerce in the book trade and virtual libraries. During the same period, the worker co-operative sector also became a victim of its own successes. Worker co-operative advocates interviewed explained that the sector’s rapid growth inspired wider efforts to organize more flexible models like the solidarity co-operative, and more capital-intensive worker-shareholder co-operatives that could generate more jobs per start-up. They also explained that forestry worker co-operatives took a particular hit when the industry fell on hard times after 2000. Despite co-operative innovations in agro-forestry and some resilient worker co-ops, the global market increasingly favoured the fast timber growth, low wages, and low taxes of the tropical lumber harvest.

46 “These included: the disbandment of the caisses d'entraide économique; the liquidation of the Fédération des magasins Coop and the failure of several Cooprix stores; the financial difficulties, then failure, of Pêcheurs-Unis; the disappearance of the Ligue des Caisses d'économie; the mergers (to consolidate enterprises in financial difficulties) of the Fédération des caisses d'économie and of the small Fédération de Montréal with the Fédération de Montréal et de l'Ouest-du-Québec; the reduction in the number of federation members of the CCQ and the marginalization of this organization; not to mention the disappearance of the (CCQ) publication Ensemble!” (Lévesque, 1990, pp. 119 - 120).
By contrast, in 1994, a new food consumers’ federation arose from the ashes of the federation which had failed a decade earlier. Also that year, co-operation penetrated new sectors in cable television, agricultural machinery, and agricultural manpower co-operatives. By the late nineties, funeral co-operatives had captured thirty percent of the provincial market (Girard, 1999). Even the CCQ emerged after “many years of inactivity” to help drive the development of home care services and in the establishment of a co-operative education fund and a foundation to manage it. As Vézina notes, by 2000, the apex organization once disinterested in development activity was “increasingly serving as a catalyst in penetrating new sectors when asked to do so” (2001, p. 144). Many informants confirmed this perception of a critical “turn-around” at the CCQ.

5.5.1 Uneven development

In reality, the “co-operative boom” was a deeply uneven and contradictory period of volatility, transition, and innovation. Job growth from 2002 to 2006 still varied widely from sector to sector. At the bottom of the rung is the once-explosive worker co-operative sector. Decimated by the forestry crisis and “diluted” by worker shareholder and solidarity co-operative incorporations, it posted a net loss of one percent. In the mid-range, at 16-17 percent, were the producer and consumer co-operative sectors. Leading the field in this period were the solidarity co-operatives, with a dramatic 21 percent jump, and the worker shareholder co-operatives, with a 25 percent gain in jobs created (Clement, 2009). Through these ups and downs over the last three decades, the very structure of co-operation in Québec has been transformed. Rather than treat this as a boom period for co-operation, it makes more sense to understand this as a series of sector-specific booms, fuelled by frenetic activity in research, innovation, and organization. It was centred on the worker co-operative, worker-shareholder co-operative, and solidarity co-operative sectors—in that order, although with considerable overlap. These growth poles of the renewed co-operative movement were driven by systematic innovation dissemination mechanisms such as the CDR network. The roll out of these models was also strategic. The systematic conversion of ambulance services to worker co-operatives was union-led. The ambulance sector, which didn’t feature a single co-
operative at the outset of this period, included 700 unionized employees in five co-operatives by 1999. They held the dominant market position in seven administrative regions (Girard, 1999). Home-care services were targeted for delivery by solidarity co-operatives. Like funeral co-operatives, launched to counter multinational incursion into the Québec market, home care was also rolled out as part of a concerted sector development strategy. These three target sectors alone account for a considerable share of new co-operative development activity in this period. Their rapid rise to dominant market positions had powerful promotion effects for co-operative innovation in Québec. Indeed, the tone of discussions with interview subjects in Québec was underwritten by a consistently striking tone of pride and confidence in the movement’s momentum.

5.5.2 Renewal
The Québec co-operative “boom” was more than a simple, quantitative growth spurt which made the already existing co-operative sector larger. It also represented the regeneration of the co-operative movement within a transformed co-operative field. This renewal process led to entirely new sectors, and co-operative models. It also forced a radical reappraisal of attitudes toward the importance of sector, state, and civil society involvements in development activity. Through this field transformation, the previously dominated “new co-ops” of the third wave gained the necessary traction to take off as engines of job growth, regional development, and the delivery of key proximity services.

Far from the governing disinterest in development characteristic of the CCQ “old guard” that dominated in the seventies (Lévesque, 1990), development now emerged as a legitimate, and leading, concern of the reconstituted new co-operative movement. The CCQ even assumed management of the province’s major development infrastructure, the network of eleven CDRs. This shift from rejecting the role of initiating or promoting new co-operatives to aggressively embracing a lead role was a fundamental shift in identity and priorities. It was a major victory for the new co-ops, their social movement allies, and the “partnership state.” The CCQ had moved a long distance in a very short period. Under the statist regime of economic nationalism in the late seventies, it had been a traditional lobby group and a reluctant development partner. By the nineties, it was an
increasingly reflexive, modernizing, and developmental movement. It had become a full partner in what Vaillancourt (2009) has described as the “co-construction of public policy” within the span of two decades. The eighties was the turn-around decade. Something very fundamental had changed about co-operative development in Québec during this period. The Québec development system is today the envy of co-operators across North America.

What are the foundations and dynamics of this rapid and dramatic period of social innovation? On the one hand, the Old Social Economy co-operatives were organized hierarchically, under the umbrella of the CCQ and sectoral federations, a template drawn from the industrial, Fordist model of organization. New co-ops were marginalized within this fraternity, “old co-ops” dominated, and clear boundaries were established between co-operatives and other social movements or non-profit organizations (NPOs). They might share values and objectives but did not use the co-operative legal model and were therefore “outsiders” to leaders of the co-operative establishment. On the other hand, the New Social Economy, which began to emerge in the eighties, was characterized by a post-Fordist network model in which “new co-ops,” new constituencies, and new alliances were part of a wider associative dynamic and innovation system that actively supported the development of new co-operatives. In this alliance, supportive social movements and NPOs that shared the values of the “social economy” were embraced in an effort to build a wider, stronger, and development-focused movement for democratic economic action. This split was an evolution of the seventies conflict between the fraternity of “old co-ops” and the insurgency of the “new co-ops.” By the late nineties, it would evolve into a rivalry for leadership of the co-operative movement—between the limited aims of the co-operative sector’s CQCM (formerly the CCQ) and the Chantier de l’économie sociale, which also included non-profits and social movement organizations in a wider network with a much bolder developmental mission. This was largely a battle between the agrarian-financial, anti-statist, and conservative Old Social Economy and the

47 As Lévesque (1990) documents, “in 1983, the 15-member administrative council (of the CCQ) included seven representatives from the insurance sector and four from the savings and credit sector, ‘comprising a 74 percent representation coming from the financial sector’” (p. 120).
more urban, activist, and left-leaning ranks of the New Social Economy. But the new regime of democratic partnership was fundamental to co-operative regeneration in this period.

5.6 The new co-operation in context: State, civil society, and the rise of “democratic partnership”

In the seventies, co-operation was embedded in a configuration dominated by economic nationalism. In the nineties, it would become embedded in a new configuration characterized by the recognition of the social economy (Vaillancourt, 2009). But in the eighties, the co-operative movement was in transition. In this shifting environment of structural change and rapid innovation, different sectors and regions of the movement were challenged in different ways. However, the strength of the movement, both structural and political, positioned the co-operative model well as a credible solution to the new problems faced by the popular movements and the state.

The social base and organizational structures of co-operation were transformed through this period. There were differences, divisions, and discord, although this transition has also helped regenerate and strengthen the movement as a whole. The sectoral bases for sustained development booms shifted over the last three decades, but co-operative launch rates remain vigorous. Start-ups doubled from 1995 to 2009. In fact, since 2003, more than fifty percent of the new co-operatives developed in Canada are located in Québec (Clement, 2009). What is more, with the support of innovations such as the CDR network, co-operatives in Québec are over twice as likely to survive ten years as investor-owned firms (Bond, et al., 1999) so these gains are relatively durable.

This vigorous pattern of innovation, growth, and co-operative sustainability is, in part, a function of the “steering mechanism” of state-sector coordination. As Côté and Vézina (2001) argue, “It is the combination of a series of initiatives, prompted both by the state and the co-operative movement itself and, better still, by concerted action by both that allows a co-operative to expand into traditional sectors of activity and penetrate new areas of promise still untapped” (p. 76). This innovation-adooption process consists of
three steps: 1) researchers build the model; 2) acting as “social entrepreneurs,” they solicit sector commitment; and 3) acting as “policy entrepreneurs,” they solicit state investment. With a working model, sector co-operation, and state resources and support in place, the innovation can be effectively rolled out.

In the late seventies, when the established sector was still focused on international development, respondents explained that innovation was driven by researchers at HEC (Jean Claude Guérard and Benoît Tremblay, in particular), playing a leading role in conceptualizing the CDR network. In fact, Tremblay would leave the HEC to implement the program as Assistant Deputy Minister for Co-operatives at the Industry and Commerce Ministry from 1984-86 (Tremblay, 1985). The HEC would also play a pivotal role in the organization of an international conference on worker co-operatives in 1996 (Girard, 1999) and in developing and promoting the worker shareholder and solidarity co-operative models.

Through ongoing consultation and involvement of the sector, and the demonstration effect of these innovations, the HEC helped thaw sector reluctance to participate in development efforts. Of course, the specialist research support system for movement renewal extended far beyond HEC. It also included dedicated researchers, networks like a Canadian chapter of the Centre international de recherches et d’information sur l’économie publique, sociale et coopérative (CIRIEC-Canada), the Centre de recherche sur les innovations sociales (CRISES), research alliances like the Alliance de recherche université-communauté en économie sociale (ARUC-ÉS), and the Réseau québécois de recherche partenariale en économie sociale (RQRP-ÉS), institutions like the Institut de recherche et d’éducation pour les coopératives et les mutuelles de l’Université de Sherbrooke (IRECUS), research chairs, and journals like Co-opératives et développement (later the Revue Économie et Solidarités). Through encounters with the policy and research communities and the CCQ consultations and conferences led by CCQ President Claude Béland through the eighties, subjects recounted how the sector increasingly opened itself up to the possibilities of new sector development, particularly after the CCQ discontinued its international development work under pressure from Desjardins and Co-
Presently, two professors specializing in co-operatives serve as observers on the CQCM board of directors: Marie Bouchard (UQAM) and Louis Favreau (UQO).

In the present context, this process of sector-state concertation, facilitated and brokered in part by engaged academics, remains crucial. One illustration described to the author is the “internal market” in research and development funds of $1 million a year, ear-marked by the state and sector to finance co-operative innovation. In this process, a state-sector committee reviews competitive proposals. (Since emerging co-operative sectors are the principal beneficiaries of this process, they are excluded from the adjudication process to avoid conflicts of interest). In the year 2009, the forestry workers co-operative federation—which was under significant strain—presented several projects. The committee approved two: one for short-term technical assistance to distressed co-operatives; the other for longer-range work on bio-mass, viewed as a potential solution to the forestry industry crisis. Typically, sector-federations submit five to ten proposals and one or two will be funded.

There are other examples of this continuous and comprehensive dialogue. It is now institutionalized through a dense network of state-sector committees and consultations, in which academic experts are often involved. These include a “think-tank” made up of about fifteen people, including staff from the government’s co-operatives branch, recognized research experts such as Benoît Lévesque, Daniel Côté, and Jean-Pierre Girard, and established co-operative representatives from Desjardins and Co-op Fédérée. Many key breakthroughs have emerged from this roundtable exercise, according to key informants. For example, the idea of the Desjardins Regional and Co-operative Development Fund, passed into law in June 2001, came out of roundtable discussions about means to finance larger projects. The concept rested on a state-sector negotiation. Desjardins accepted the mandate to focus investments on co-operatives and regional development in exchange for preferential tax treatment akin to the RRSP-eligible labour tax credits first offered by the Solidarity Fund two decades earlier. The RRSP incentive made the concept attractive to an aging population.
Similarly, in one conversation, a study collaborator described how a new policy was adopted by Desjardins in 2007 to take an equity stake in retirement successions structured as worker shareholder co-operatives (including at least a 15 percent management and 15 percent worker stake). In this scheme, Desjardins takes on annual investments of up to 70 percent in 5 to 10 new businesses, employing over 100 workers each. The scheme has already resulted in the retention of 180 jobs at a Montréal software plant. A plant employing over 1000 workers was in development in 2009. Since the success of this policy hinges on the availability of CDR network support for promotion and implementation, joint state-sector coordination was crucial to its development.

Continuous, multi-party strategic reflection creates important social capital (trust, information exchange, and norms of reciprocity) (Coleman, 1988) and joint-leadership for sector development. It provides a forum for periodic high-level review of the four key axes of co-operative development policy to meet emerging challenges: law, financial instruments, technical assistance, and strategic planning. Corporatism helped build strategic clarity, commitment, and “concertation” at the highest level.

This model of tight corporatism has also facilitated increased involvement of the sector in development planning. The partnership agreement with the CCQ in 2004, in which the federation assumed management of the state-funded CDR network, was a “turning point” in this process. Ten years ago, the state drove development; now the sector plays an important leadership role. According to one source, the president of the CCQ now meets monthly with the head of the provincial co-operatives branch to discuss problem areas and progress on priorities. At the time of writing, priorities were bio-mass, wind energy, health care co-operatives, proximity services, worker shareholder co-operatives, and daycare. Each area requires different kinds of support, much taken on by the CQCM since 2000 when it began to build internal research capacity. The author was told that this has enabled the CQCM to participate more directly in research collaborations such as those of the federally-funded ARUC-ÉS research alliance, further breaking down the division between academic and movement research.
As the market restructuring and neo-liberalism of the eighties swept the province, the movement from a “market regulation paradigm” to a “partnership regulation paradigm” is relevant (Caillouette, 2004). Sector-state partnership has clearly been hard fought for over the last three decades and highly consequential for new co-operative development in Québec.48 Indicative of this new level of sophistication in state-sector co-ordination, and central to the present-day Québec model of co-operative development, is the CDR network. However, this achievement is also deeply embedded in a whole string of social movement struggles, and institutional and political reforms; that is, in an ongoing process of social innovation. Simply put, the CDR network is a development mechanism within a larger social innovation network of co-operatives, trade unions, social movements, researchers, and other economic intermediaries and regional development actors. This innovation network creates the conditions of the CDR network’s possibility, supports its successful operation and protects it against regression or elimination by hostile administrations. It is “embedded” in a movement for co-operative development and in a social bloc that unifies powerful institutional actors. That movement overlapped, but was distinct from, the co-operative movement itself. Its reach also extends far beyond the state that funds it.

It would be a mistake to consider Québec’s co-operative sector in isolation from its associative ties to an extended social movement family (SMF). This wider SMF doubly determines the context for co-operative action. First, the SMF significantly constitutes the “internal life” of the co-operative movement by virtue of the overlapping involvements and affinities of their respective membership bases. Many of the members of these distinct movements are, in fact, the same people. Just as they have been from its inception in the nineteenth century, co-operative movement activists are often active in community and trade union movements. Many activists now also overlap the women’s movement.

48 Vézina captures some of the underlying institutional and social conditions that made the achievements of this period possible: “Over the years, under the influence of the players involved in the co-operative movement, conditions for co-operative development in the province of Québec have improved considerably in several regards: legislation is better adapted to current needs; co-operative forms are more diverse and flexible; financial, tax and support tools are more effective; and there exists a greater degree of cohesiveness within the co-operative movement as a whole. Co-operative potential therefore is asserting itself more and more openly in relation to emergent social and economic changes.” (Vézina, 2001, p. 149)
The culture of co-operation is thus an aspect of the broader culture of the popular movements. It reflects the structure and balance of power within and between, those associated movements. Indeed, many co-operative leaders’ involvements are principally driven not by co-operative values as such, but as a means to realize other fundamental values. Many co-operative activists in the eighties have been drawn to the movement by nationalist, socialist, social democratic, or social Catholic convictions (Vaillancourt, 2009). The SMF, in large part, creates the content of the co-operative movement’s program and ideology; it helps forge the movement’s political culture “from within.”

Second, the SMF helps define the co-operative movement’s “external field” of operation. Public policies that favour co-operative penetration of new sectors are conditioned by the strength of the social democratic, indépendantiste, and communitarian movements. The strength of community movements, most notably the trade unions, the women’s movement, and the service-based community organizations active in the health and social service sectors, have played key roles in shaping the co-operative movement’s development path in recent decades. The SMF thus creates much of the context for the co-operative movement’s program and ideology of the day, “from outside.” It helps shape the popular political culture within which the co-operative movement must manoeuvre.

Indeed, following on McAdam (1982), it is important to understand the social movement for co-operative development innovation since the eighties as a political process. One result of the confluence of these diverse social movements in the terrain of economic action during this period was the concerted political mobilization for a new development accord. This movement for “concertation” characterized the co-operative movement’s SMF relations, relations within the co-operative movement, and relations between the movement and the state. The formation of the CDR network in 1985 was only one important expression of this new regime of “democratic partnership” (Vaillancourt, 2009). An alternative to both welfare-statism and neo-liberalism, the partnership regulation paradigm (PRP) (Caillouette, 2004) had to be fought for, consolidated, defended, and continually improved to survive. This complex realignment created the
in institutional basis for the CDR’s broad-based technical assistance mobilization, a key driver of Québec’s development boom over the last three decades.

As the emergence of the social economy movement demonstrates empirically, it is often social movements that drive established sector and state responses. Social movements can condition the possibilities for the development and direction of these kinds of sector and state action, including the possibility of joint-agency. Indeed, it will be argued below that three particularly important episodes of popular economic insurgency helped create conditions for the sector and the state to come to the table. In each case, the first movers of social innovation were neither state nor co-operative sector leaders. Rather, they were social movement actors from outside the established co-operative movement.

These players need to be understood as part of co-operation’s extended social movement family (i.e. the social economy). However, it is significant to our understanding of co-operative development that they are each also very clearly outside the established co-operative sector and the state apparatus. Of course, it is almost certainly true that individual civil servants, CCQ officials, and politicians supported the emerging movement regeneration agenda. In particular instances, it is above doubt that officials in key positions have advised and encouraged particular courses of action for the movements. However, it is also clear that they relied on social movement pressures to open up political space for manoeuvre. As the entrenched reluctance of old co-op and state elites to take the lead in co-operative development demonstrates, the role of social movement activists in the emerging housing and worker co-operative sectors, and at the regional level, were critical in forcing a new accord. Through the eighties and nineties co-operative movement regeneration was driven by:

1) an early turn to labour as a development agent—a process already underway through the seventies;
2) a turn to community economic development strategies beginning in the early eighties, and built largely on the organization and energy of the *mouvement communautaire*; and

3) a turn to the social economy, driven at first by the women’s movement, in the mid-nineties.

Each aspect of this unfolding popular sector response to globalization-related dislocations featured a different “first mover” in the innovation-chain. Yet, their cumulative effect was to disrupt the structure of the co-operative field, challenge the established practices and understandings of lead-actors, and draw out the attention and support of the research community and state.

Overall, then, it is important to understand the contradictory pressures at work in this period of restructuring. It was driven both by the globalizing market-logic of de-industrialization and neo-liberalism from above and by a democratizing logic of popular economic action from below. To a significant extent, the established co-operative movement and the state found themselves caught between these pressures. The implications of market-driven restructuring “from above” were understandably the main initial preoccupations of the established co-operative movement. It moved to manage the threats and opportunities posed by economic globalization (such as investment and trade liberalization, deregulation, etc.) for its own operations. However, as the broader social and economic impact of market-driven restructuring was met by a popular movement response, the cultural self-understandings of social movement actors, their relationships, and the popular understanding of economic possibility were fundamentally altered. Co-operatives, which have both an enterprise and an associative life, were uniquely conflicted. They faced contradictory pressures both to adapt to new competitive realities in the marketplace and to respond to new member needs and movement pressures. While the state and co-operative sector retreated in the face of structural adjustment, the social
movements mounted their own popular responses and extended the horizon of co-operative possibility.

5.7 **Labour steps up: Co-operation as a solution to the jobs crisis**

The first front in the popular economic insurgency of the eighties in Québec involved a rediscovery of the worker co-operative and the place of the labour movement in co-operative development. In part, this “labour turn” in co-operative development built on the ongoing urbanization of the movement. Mutual economic aid funds and consumer, housing, and school co-operatives had urbanized the co-operative formula after the 1960s (Vézina, 2001). The worker co-operative revival emerged as part of this co-operative rattrapage by the late seventies. It recognized the development gap between the old, rural-based sectors and the new needs in the cities, mostly for employment.

The legitimation of the worker co-operative was a significant break with co-operative convention and the established structure of authority. Encountering considerable resistance from the “old co-op” circles which dominated the CCQ, the orphaned sector first sought refuge under the protective wing of the state in the seventies. However, as the leading role of state-led economic nationalism eroded, recessionary pressures in the late seventies and early eighties pressed the labour movement to take direct action on the jobs crisis. Worker co-operation benefited considerably from being adopted by the *Confédération des syndicats nationaux*, a powerful movement patron from outside the co-operative movement. Unlike the CCQ, the CSN had deep roots in the urban centres and the productive life of the urban working class. Also, unlike the CCQ, its members had a pressing personal need to find solutions to unemployment. Indeed, against the threat of de-industrialization, the leading federations of the Québec labour movement moved beyond traditional collective bargaining to enter the arena of direct economic action to protect and create jobs. This reorientation also redefined the development frontier for co-operatives, particularly worker co-operatives.

This shift represented more than a new development path for previously marginalized worker co-operatives. Opening up a second development front in the cities also disrupted
the established structure of co-operative development. This parallel movement, like the workers who populated it, would be strongly influenced by its patron, the trade union movement. This set the stage for new forms of movement-to-movement co-operation. It also helped set the stage for subsequently bitter inter-movement rivalry. It pitted the old social economy, essentially the old co-ops which dominated the CCQ, against the new social economy. The NSE included the new co-ops in a social movement alliance with other groups that shared their values and preoccupation with development.

Although union-based worker co-operative organizing has its Québec roots in the late nineteenth and early twentieth century efforts of the Knights of Labour (Quarter, 1992; 1995; Bennett, 1987; Bridault & Lafrenière, 1989), labour’s rediscovery of this tradition is rooted in 1968. In that year, the CSN launched a “second front” in favour of a social wage. This was a move beyond bread and butter unionism in favour of coalitions with community movements and the women’s movement to press for social reform (Raboy, 1984). It is important to note that unionization rates doubled from 1961 to 1971 (McGrane, 2007). With their new power and momentum, unions were vigorously involved in co-operative promotion in the seventies, including the CSN’s creation of the Caisse d’économie solidaire Desjardins in 1971 (Vaillancourt, 2009, p. 30). The Caisse would help labour take control of its own capital and redirect it to socially useful purposes like job creation. It would emerge as the lead financier for the worker co-operative movement. Labour’s response to the recessions of 1981-82 was built on its support for worker co-operatives in the seventies.

The CSN brought the co-operative movement, indépendantistes, workers, and the Péquistes government into closer dialogue. This emerging concertation took diverse forms. It informed the state-led staging of the Sommet sur la co-opération, which urged further measures to support co-operatives, particularly worker co-operatives, in 1980. It helped drive legal modernization in 1983 to enable worker shareholder co-operatives and clarify worker co-operative ground rules (Girard, 1999). In 1984, the PQ set up a system of development groups (groupes conseils) and a crown corporation (Société de développement des coopératives) to deliver financial assistance to worker co-operatives
In 1985, the Coopératives de développement régional (CDR) network was launched, focusing first on worker co-operative development.

The CCQ launched its extensive consultations from 1990 to 1992, the États généraux de la coopération, an important series of fora for the increasingly confident and credible proposals of new co-operative and social movement partners. Among other things, this process of co-operative movement animation led to the formal involvement of the trade-union movement in the creation of a foundation to promote co-operative education, following another summit on this subject in 1993. It also led to a CCQ-sponsored follow-up summit on worker co-operatives in 1996 (Girard, 1999). As the CSN launched a consulting unit to advise worker co-operatives in 1987 and a labour sponsored investment fund (LSIF), Fondaction, to provide their financing in 1996, it became clear that the trade union federation needed to be consulted, involved, and included in the CCQ’s efforts.

Through the eighties and nineties, the trade unions continued to build mechanisms to save and create jobs. They won increasing support from the state, and sections of the co-operative sector and research community. The labour movement’s evolving response is best characterized by three key innovations: the expansion of the Québec Federation of Labour’s Solidarity Fund, created in 1980 (Hebb & Mackenzie, 2001); the creation, in 1987, of a CSN consulting arm to support worker co-operative buy-outs; and the 1996 formation of Fondaction, a CSN labour sponsored investment fund (LSIF).

5.7.1 Crossing the Line: The QFL Solidarity Fund

The creation of the QFL’s Solidarity Fund reflected a new labour militancy. The first LSIF in Canada, the Solidarity Fund signalled a revolution in Québec, and Canadian, capital markets. Indeed, “Labour Sponsored Investment Funds now account for 50 percent of available venture capital in Canada” (Hebb & Mackenzie, 2001, p. 128). Although the Solidarity Fund did not earmark investments in co-operatives, it nonetheless signalled a revolution in labour movement thinking about the collective power of worker savings, and of economic investment as a terrain of struggle. This would have significant influence on the political culture and popular understanding of the economy in Québec.
over the decades to follow. For millions of workers in Québec, the Solidarity Fund’s success validated union-led economic action as a practical, realistic, and legitimate political goal.

It is hard to overstate the economic or popular political importance of the QFL’s bold move. Economically, Laliberte (1999) argues that the Solidarity Fund took Québec from being a “have-not” province, in terms of investment capital, to being a “have province.”

The Solidarity Fund’s success also had a powerful effect on the political culture—particularly that of the labour movement and its larger social movement family. Viewing “collateral benefits of job creation, local investment, worker participation, and education as the primary purpose of the fund,” it placed conventional thinking about bottom-line market rationality in radical question. Its success—saving, retaining, and creating 65,534 jobs in its first five years—created infectious enthusiasm for the wider horizons of possibility for popular economic action (Hebb & Mackenzie, 2001, pp. 145-6). Building on the CSN’s creation of the Caisse d’économie Desjardins in 1971, the Solidarity Fund was an important second step in Québec’s emerging solidarity finance movement.

Structured along participatory and self-managed lines, the Solidarity Fund built a democratic movement for economic action. This secured more than investment in job creation. It insured the economic animation, education, and engagement of rank and file workers: “By establishing sales structures and marketing initiatives aimed at working people, union-controlled funds broaden participation in investment across a large segment of the economy. Through the active participation of workers, LSIFs become a tool for broader popular intervention in economic life rather than simply a pool of capital governed by conventional understandings” (p. 147). Unlike other LSIFs, “the Solidarity Fund (FTQ) uses only unionized workers as sales agents who sell shares to their co-workers in their own workplaces. This mechanism established a level of comfort and trust

49 “Québec as a region went from being a region with limited sources of venture capital to one gathering the largest share of overall venture capital in the country. While the province’s economy represents 21 percent of Canada’s GDP, it had some 52 percent of the country’s venture capital under management in 1995. Today the province has levels of capital per capita that compare favourably with areas like California and New York known for their availability of venture capital” (Laliberte, 1999, p. 140).
among working people” (pp. 147-8). It also spurred confidence and support for union-led economic action. It would empower shop-floor activists. It would also inspire community activists who were becoming involved in efforts of their own to address the crisis.

This influence was not confined to Québec’s industrial heartland, Montréal. In partnership with the Québec state, the QFL would build on its initial success by launching a network of regional funds, les fonds régionaux de solidarité, helping maintain and create another 3802 jobs by Aug 31, 1998. Furthermore, in 1997, the Solidarity Fund launched another 86 local funds or Solides in partnership with the Québec union of municipalities (Hebb & Mackenzie, 2001). The Fund systematically captured workers’ savings and redirected them to job-creation across Québec.

Through the Fund’s “open-book process,” employers are required to support the financial education of their own workers through Solidarity-delivered training modules. This popular economic education mechanism extended the influence of the new economic thinking. It extended the frontier beyond organized QFL workplaces, where rank and file members sold shares in the fund, and into unorganized workplaces—reaching out to the beneficiaries of the redirected savings of well-paid, unionized workers elsewhere. Rather than allowing under-capitalized businesses to depress wages and drive out unions, the Solidarity Fund was proactive. By design, it was an organizing tool to drive unionization through its power as an investor in those businesses (Hebb & Mackenzie, 2001). It also demonstrated in a very public and dramatic way that “solidarity” was a viable and attractive principle of economic organization.

The broad reach and success of the Solidarity Fund evoked a new paradigm of democratic possibility for the Québec working class and social movements. It demonstrated the potential of economically targeted investments (ETIs) in jobs and regional development and the benefit of taking social action to secure those benefits (Hebb & Mackenzie, 2001). By contributing to Québec’s economic success, and overcoming its detractors, it strengthened further the already significant prestige of the labour movement in Québec, which has the highest rate of unionization in Canada. It
shifted perceptions of working class capability, among the public at large and among Québec working people themselves.

This achievement takes on particular importance when it is placed in historical perspective against the backdrops of the politics of globalization and the rise of the New Right on the one hand and Canada’s constitutional crisis on the other. For the restless experimentation and innovation of the late seventies and early eighties—that perhaps reached its apogee in public awareness with the success of the Solidarity Fund—provided a unique form of ideological inoculation for Québeckers against the rise of neoliberalism. With Margaret Thatcher in office from May 1979 until November 1990 and Ronald Reagan serving two terms from January 1981 to January 1989, the New Right revolution simply redefined political reality during the eighties. However, while the Anglo-American axis moved right, toward global market integration, many Québeckers marched in the opposite direction: toward a sovereign, social democratic Québec. The efforts of the labour movement, which viewed the Péquistes as their best bet to achieve social democratic reforms, were an integral part of that counter-hegemonic project.

The New Right’s brand of individualist market populism finally came home to roost in Canada with Brian Mulroney coming to power in 1984. The Mulroney Tories adopted the neo-liberal restructuring plan proposed by the corporate lobby group, the Business Council on National Issues (BCNI) (Brym & Fox, 1989). Both social democrats and sovereignists were dismayed by the so-called “Beau Risque” to achieve a settlement for Québec within federalism. They pushed back against “Ottawa’s agenda” for Québec.50

Mulroney carried out an agenda of privatization and deregulation and fought the 1988 election over free trade with the United States. In 1989 the Berlin Wall fell; in 1991 the Soviet Union collapsed. Despite much ado about the “end of history,” Québeckers

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50 Péquiste ministers resigned over this decision to pursue a deal with Ottawa. With the failure of the Meech Lake Accord in 1990, Lucien Bouchard resigned from the Mulroney cabinet, and the Bloc Québécois was formed to represent an independent Québec’s interests in the federal parliament. In 1993, in the wake of the subsequent failure of the Charlottetown Accord, the Bloc formed federal opposition and support for sovereignty surged.
resisted the reigning ideology that “there is no alternative.” For social democracy had established deep roots, building on deep national traditions of social solidarity and collective entrepreneurship. But, more recently, the Québécois had been active participants in, or at least witnesses to, the emergence of an alternative, social democratic model in which trade unions were beating venture capitalists at their own game. While others experimented with privatization and acquired a religious fervour for liberalization, Québec had front row seats for an unprecedented socialization of capital and entrepreneurship. Indeed, the early efforts of the PQ to stem the tide of capital flight to Ontario gave it a conceptual and strategic head start in coping with globalization-era job loss. By 2005, the Solidarity Fund had amassed $6.2 billion in assets; had created, maintained or retained 105,596 jobs; and was receipting over $32 million a month in payroll deductions (Bourcier, 2009). The Solidarity Fund was the *force motrice* for the re-pooling of popular savings and the repatriation of economic control to Québec civil society.

5.8 The community economic development (CED) response
The first CED steps in Québec were also deeply influenced by the recession of 1982. Grassroots mobilizations secured pilot investments in early CED initiatives in Montréal (Fortan, 1993) and Québec’s first CED corporation in Bois Francs (Ninacs, 1993). These investments were matched by PQ commitments to worker co-operative development (Quarter, 1992) as a CED tool. Indeed, the launch of the CDR network was modeled after the local initiative of a co-operative council in Outaouais. It had organized local capacity by stepping outside the formal structures of the CCQ (Girard, 1999). Like Community Development Corporations (CDCs), the CDR network and co-operative investment plan (CIP)—modeled after the QFL’s Solidarity Fund (Tremblay, 1985)—both harnessed the capacity of new co-operatives to drive regional development. With regional job creation as their primary goal, worker co-operatives were the CDR network’s first priority. The CIP tax credit of 150 percent sheltered workers from the double risk of losing their investments and their jobs. It helped raise $100 million in worker co-operative investment over 13 years (Girard, 1999, p. 21).
The federal state also recognized the long-range implications of structural adjustments to the economy, formally embracing CED in 1986 with the launch of the Community Futures Development Program. This decentralized business development program organized 55 CFD Corporations in Québec, and an investment fund of about $2 million per community from the Federal Office of Regional Development – Québec (FORD-Q).

The CDR and CFDC networks indicated a decentralist economic policy shift (Lévesque, 2000). Also indicative of this search for local solutions were the early efforts in Montréal’s Pointe Ste-Charles neighbourhood. From 1951 to 1981, this neighbourhood lost 22,000 residents, declining from a population of 35,000 to 13,000. By 1981, forty-three percent of this population was living below the poverty line (Fortan, 1993), in response to which, Michele Soutiere (Clinique Populaire de Pointe Ste-Charles) and Nancy Neamtan (Pointe Ste-Charles YMCA) launched a pilot youth training and business development project in November 1983. It failed. Rather than walk away, they convened a community colloquium, built a coalition of a dozen CBOs and submitted a report to the minister of manpower and income security calling for CED investment in the neighbourhood. In May 1984, the coalition received a $70,000 grant to set up a CED corporation. Established as the Programme économique de Pointe St-Charles, it became the Regroupement pour la relance économique et sociale du Sud-ouest de Montréal (RESO), incorporating other CEDCs in 1991. This struggle represented an important redistribution of power: “the power of knowing and doing as well as having” (Fortan, 1993, p. 90).

Ninacs (1993) tells a similar story about Québec’s first community development corporation (CDC), established in Bois Francs after local activists effectively pressured for pilot project funding in 1983 at a regional economic summit. The achievement built on two decades of community organizing by activists “inspired by the Mondragon cooperatives in Spain” (pp. 96-98). These community organizing efforts, like the

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51 While Mondragon has had wide influence internationally, this initiative within the Basque country of Spain has had a special nationalist resonance for Québeckers who are also engaged in a project of ‘enclave co-operation’.
pioneering efforts of co-operators in the Outaouais region, would also lead to the systematic, state-funded replication of their pilot projects. Through the eighties and nineties, a network of 15 CEDCs and about 30 CDCs were established to involve community players in local development. A network of 105 Local Development Centres (CLDs), which included community movement representatives, was established after 1998 (Caillouette, 2004).

The replication of the Bois Francs and Pointe Ste-Charles CED initiatives—like the CDR network, the CFDCs, and the CLD network—reflected the rise of a “new regionalism” with deep roots: “The new focus on ‘the local’ as cities suffer the effects of deindustrialization, high rates of unemployment and a growing marginalized population, is not entirely the result of community pressure or heightened social awareness, but part of the generalized policy impasse at the macro level.” In the context of economic globalization and the retreat of the state, there was a “need for new mechanisms” to “mobilize untapped or under-utilized resources” for development (Mendell & Evoy, 1993, p. 45). Furthermore, this community development strategy needed to be “based on a broad social coalition, not one dependent on the state or on the private sector … in many urban areas… there is little social cohesion to generate commitment to a common goal; the social group, the community, in a sense has to be created” (pp. 47-48). Echoing the arguments of Shragge (1993), they emphasize the importance of a “transformation from economic and social victims to actors and agents of change” (p. 48). Much like the transformative role of the CDR network or labour-driven innovations, Mendell and Evoy credit the parallel CED movement for creating “new social partnerships (that) are (also) re-embedding the economy in society… by democratizing the market so that it responds to the needs of the people” (p. 58).

Like the economic radicalization of the labour movement, engaging activists of the mouvement communautaire in CED strategies drew another important part of co-operation’s extended social movement family into new co-operative development. As Lévesque (2000) argues, “a large number of leaders in Québec’s social economy have
their roots in these movements, and bring with them an experience based on commitment and innovation to offset their meagre financial and material resources” (p. 118).

5.9 Union-delivered technical and financial assistance: The CSN groupes conseiles and Fondaction

In 1987, the CSN launched a bold response to long-range de-industrialization trends in general and the 1982 recessionary shocks in particular. The CSN established a consulting staff of seven (groupe conseil spéciale) to monitor at-risk plants, to prevent closures and to do feasibility studies to assist worker buy-outs where warranted. Buoyed by almost two decades of successful investment through their caisse d’économie, challenged by the need of fledgling worker co-operatives for significant technical assistance beyond the reach of the Caisse, and inspired by the success of their rival federation’s Solidarity Fund, the CSN launched this unit with start-up funds from a federal Innovations grant (the unit is now self-sufficient).

In 1988, the CSN consulting group led a path-breaking series of worker buy-outs financed by the union-backed caisse d’économie in the ambulance sector, transferring half the province’s ambulance services to co-operative worker ownership (Quarter, 1992). By 2007, six paramedic workers’ co-operatives had become the largest service provider in Quebec after Montréal’s Urgence-santé (DeBortoli & Girard, 2007). Avoiding salvage operations of marginally viable companies, the CSN’s Groupe Conseil also assists displaced workers in developing new enterprises, such as a rubber recycling plant, developed to make use of workers’ skills and some assets of the shut-down Uniroyal plant in Montréal (Quarter, 1992). In 2001, Fondaction joined a massive effort to redevelop an entire urban area in Montréal. The Technopôle Angus project encompasses 20 buildings and 2500 workers (Beaulieu, 2009). The CSN’s vigorous co-operative development role encouraged the CCQ to recognize the CSN as a development partner and to undertake a study on the worker shareholder model in 1990; it encouraged the involvement of unions in a CCQ-led co-operative education conference in 1993 and their participation in the resulting educational foundation (Girard, 1999). By the mid-nineties, the CSN’s significant financial and technical assistance resources for co-
operative development, and its leading position within the wider development network, positioned it as a powerful player within the emerging social economy movement.

Since 1971, the CSN’s *Caisse d’économie Desjardins des travailleuses et travailleurs* (now the *Caisse d’économie solidaire Desjardins*) has forged social investments through four networks: trade unions, co-operatives, the community sector, and arts and culture. The *Caisse*’s contribution has been crucial to the social economy, supporting housing, worker, consumer, funeral and educational co-operatives, as well as training businesses, recycling enterprises, daycares, theatres, artists centres, museums, community radio stations, technical resource groups, and sectoral federations and associations. The first financial institution to back the *Cirque de soleil*, it funded more than 2,800 collective enterprises and associations by 2003. By 2005, the *Caisse* had a staff of 80 and three service centres (*Caisse d’économie solidaire*, 2010).

In 1996, the year the *Chantier de l’économie sociale* was formed through a major Provincial economic summit, the CSN next launched its own LSIF, *Fondaction*. Its mandate targeted important new support, momentum, and direction to emerging co-operative and CED efforts. Unlike the broad mandate of the QFL’s Solidarity Fund—to protect and retain jobs in Québec—*Fondaction* focused on socially responsible investments along the lines pioneered by its own *Caisse*. With the *Chantier* launching its own fund to support social enterprise in 1997 (the *Réseau d’investissement social du Québec*), *Fondaction* was a crucial bridge between the early innovations of the *Caisse* and the Solidarity Fund to an emerging, multi-tiered suite of social investment vehicles known as the “solidarity finance movement.” Securing access to capital for community-based organizations was a crucial link in the innovation chain that led to the social economy resurgence in Québec. It de-linked investment from the logic of capital accumulation, placing it instead at the service of democratic community empowerment. Social movements—chronically under-resourced, transitory, and unstable—were now able to build a sustainable economic base.
Unlike the Solidarity Fund, Fondaction uses social and environmental screens to guide its investments in firms embracing participatory management, non-profits, co-operatives, and firms advancing environmental objectives. Just as the CSN had eschewed “bread and butter unionism” in favour of “social unionism” in the seventies, Fondaction acted in concert with the wider social movements. Its reconstructive social project aimed not only to protect the economy as it was but aimed to change it. Like the Solidarity Fund a decade and a half earlier, Fondaction revolutionized thinking about investment, further extending the horizon of democratic possibility on the economic terrain.

Like the QFL’s diversification into regional and municipal mini-funds, the CSN also diversified over the decade that followed. However, rather than segment the investment market regionally like the QFL, it created Filaction to focus exclusively on social economy enterprises, firms that encourage worker participation and local development funds. In concert with RISQ, it also created Fonds de financement coopérative to fund co-operatives (Réseau d’investissement social du Québec, 2005). It segmented a smaller social responsibility investment market, by sector rather than region. By 2009, the CSN had consolidated its family of financial instruments in the Carrefour financier solidaire, a centre adjacent to the union’s headquarters. With over 100,000 members and shareholders, $1.5 billion in assets and investments in 2,500 companies and organizations, CSN’s financial actions have supported 35,000 jobs across Québec (Beaulieu, 2009).

5.10 The new social economy: Ally, rival, catalyst

In the nineties, the labour movement, the CED movement, and the new intermediary institutions began to restructure their relationships with the co-operative movement. Through the États généraux de la coopération consultations, the co-operative movement reassessed its own role. At this point, the non-profit service and advocacy groups also begin to emerge as a component of the widening new movement for economic democracy. They constitute the emerging social economy’s third front. Building on the tradition of the mouvement communautaire since the sixties, Boucher (in Caillouette, 2004) notes, “the specificity of the Québec development model lies largely in the action
of social movements” (p. 16). For Caillouette, the nineties were defined by the success of community movements, building organization and state recognition, while protecting their autonomy of action. These institutionalized compromises stoked the resurgent social and solidarity economy. Against neo-liberal efforts in the eighties to co-opt community-based organizations (CBOs) into a market regulation paradigm (MRP) in which they become cheap, service-delivery instruments of the state, this movement successfully defended its autonomy. It asserted the central importance of community action in “the production of citizenship” (p. 17). Democratic legitimation was crucial in building and consolidating the case for the partnership regulation paradigm (PPR).

Foremost in this movement for a different kind of state52 were women’s organizations. As Maillé (2004) argues, the scale of feminist organization in Québec is unique in Canada, encompassing thousands of women’s groups. Rooted in campaigns for daycare, employment equity, and reproductive rights since the sixties, these groups took off during the seventies. The 1995 Bread and Roses March and the 2000 World March of Women against poverty provided strong impetus to women’s issues, women’s involvement in movement politics, and to the mouvement communautaire and l’économie sociale (Maillé (2004, pp. 287-303). The New Social Economy championed “pink collar” sectors like daycare, homecare, and social housing (Vaillancourt & Tremblay, 2008).

Activists in the women’s movement, the new co-ops, the labour movement, the CED movement, and the human service agencies all sprang from common roots in the Quiet Revolution. Unlike the more traditional charitable sector or old co-ops, these social enterprises share strong participatory movement values. As products of the same era, rooted in similar values, they also had overlapping memberships. Their rank and file exchanged information and supported each other’s struggles. The evolution of the new co-operative movement settlement and relationship with the state and the new regime of democratic partnership between the CBO sector and the state were parallel.

52 For English-speaking Canadian perspectives on this movement to democratize the state, see Albo, Langille & Panitch (1993).
As Lévesque (1990) notes, both community enterprises and “new co-ops” began to emerge—the precursors of the new social economy—in the mid-seventies. While the PQ were experimenting with housing and worker co-operatives in the eighties, they were also experimenting with alternatives to welfare state provision. This cultural shift against welfare-statism drove a rapid and significant devolution of services to community and co-operative agencies. For example, “at the beginning of the 1970s until 1978, the portion of the budget of (the Ministry of Health and Social Services) designated for ‘support of community agencies did not exceed $1.5 million per year, distributed among about fifty agencies,’ while in 1986-87 ‘this budget had increased to $426 million and was distributed to 1,000 agencies’” (Lévesque, 1990, p. 124). These inter-related strands of the social economy would come together as part of a concerted effort for co-operative and social development under the banner of the NSE in the late nineties.

The real historic breakthrough for the nascent “social economy,” which created both new complexity and new opportunity for resurgent co-operation in Québec, came in 1996 at the Province’s Summit on the Economy and Employment. It built on the province’s historic commitment to corporatism (Montpetit, 2004) and responded to emergent social networks. These had been established through the CSN’s Caisse d’économie Desjardins des travailleuses et travailleurs and its Groupes conseils, the QFL’s Solidarity Fund, and the achievements of the CED movement. Most importantly, pressure from the women’s movement’s 1995 Bread and Roses March drove the creation of a summit task force to explore how social investment could contribute to the twin crises of the province’s welfare state and jobs. This task force, the Chantier de l’économie sociale, given six months to develop job creation proposals, tabled its recommendations in October 1996 (Neamtnan, 2004). The lifespan of the Chantier was extended to roll out its proposals. It was later formalized as a permanent structure by its constituent networks, and it finally succeeded, in 2008, in securing the commitment of the Province—against CQCM opposition—to a comprehensive social economy development policy. This included commitments of $16.7 million in new funding to the Chantier, its 21 regional hubs, and several new projects such as a social economy portal, www.economiesocialequebec.ca (Neamtnan, 2008).
The social economy in Québec today is a wide, multi-organizational field with ill-defined boundaries. Old co-ops, new co-ops, human service agencies, old philanthropic foundations and service clubs, advocacy groups, trade unions, and community development corporations all continue to struggle against conflicting interests and organizational cultures to develop a common vision and agenda. Within this context, the leadership of the co-operative and social economy movements have clashed repeatedly. Many established co-operative traditionalists view the new social enterprises and social economy organizations as they had the new co-ops of the seventies, as impractical diversions of resources from “real” co-operative development work and potentially corrupting deviations from orthodox co-operative principles. Many have deep reservations about non-profits, which are viewed as “managers’ organizations”—with more shallow roots than co-operative memberships. Since it is easier to establish a NPO to meet state needs quickly, there is a concern that the growth of non profit social enterprises will come at the expense of co-operatives which take longer to establish but are, it is argued, more durable and democratic. Many others simply view the Chantier as a threat to CQCM influence over the co-operative movement. It is hard not to understand this concern walking into the Chantier’s head-quarters—an abandoned caisse populaire that features a bust of Alphonse Desjardins. Many viewed the upstart social economy movement as a threat, both to future co-operative formation and co-operative movement cohesion. According to several informants, the relationship has been very difficult, with one former CQCM leader calling for aggressive action to “smash the Chantier.”

At the same time, paradoxically, the social economy movement also strengthened the co-operative movement. It reinforced the legitimacy, currency, and importance of such member-led, community-based development strategies. This opened up new ideological-cultural space for strategic manoeuvre, and created a common front against wholesale privatization. The social economy also helped re-connect the co-operative sector to an activist popular movement base, and wider social bloc. This lent it new leverage for political and development action. The paradox of the relationship is that it also implied a new form of power-sharing with which elements of the CCQM were far from
comfortable. For example, the author learned from one source that CQCM President Hélène Simard had sparked a firestorm of controversy when she accused the *Chantier* of attempting a “hostile take-over” of RISQ (Lévesque, 2006). Breaking news as a front-page article in *Le Devoir*, this led to a series of interventions by luminaries such as Benoît Lévesque and others in the letters pages over the course of the following weeks. Many suggested the *Chantier* should confine itself to being a “non-profit network.”

Despite growing pains and turf wars, all of this reciprocally interdependent innovation within Québec’s rapidly expanding and diversifying social economy has created a distinctive and important model. It also provided strong momentum for sustained innovation and sector expansion. Co-operation plays a leading—but qualified and contested—role in the wider social economy field. To maintain its prominent position, and to respond to the needs and opportunities articulated from this increasingly dense ensemble of partners and supportive institutions, the co-operative movement has (partially and reluctantly) “opened up” to new partnerships and alliances just as the state has also (with its own hesitations) opened up to the social economy movement and the *Chantier*. This is a complex, new, and wider field than the co-operative field of the seventies within which the CCQ governed unchallenged. For today’s CQCM, the stakes are higher and the competitive pressure to lead is stiffer. Within this field, organizations have come to occupy distinct niches. The social economy’s organizational ecology is now highly articulated and characterized by a complex new division of labour:

- Technical assistance agencies, such as the CDR network, independent CSOs and the CSN consulting arm, *Groupe Conseil*
- Referral agencies, such as the CLDs and the CLSCs
- The co-operative apex organization, the CQCM
- Co-operative sectoral federations organized under the umbrella of the CQCM
- The social economy apex organization, the *Chantier*
- Territorial organizations, such as the CFDCs, CEDCs, and CDCs, many with their roots in the *mouvement communautaire* and the ACEFs
The research community, including the Centre de recherche sur les innovations sociales (CRISES), the Alliance de recherche université-communauté en économie sociale (ARUC-ÉS), the Réseau québécois de recherche partenariale en économie sociale (RQRP-ÉS), the Institut de recherche et d’éducation pour les coopératives et les mutuelles de l’Université de Sherbrooke (IRECUS), and journals like the Revue Économie and Solidarités.

- Social movement organizations, including the trade unions – particularly the CSN, the women’s movement, and the anti-poverty movement
- Non-profit service organizations, which often include revenue-generating activities
- Non-profit advocacy organizations, identified with the mouvement communautaire which disavow revenue generation to defend their state-funding but often advocate for policies consistent with social economy values and objectives
- Solidarity finance instruments such as the QFL Solidarity Fund, Desjardins’ Regional and Co-operative Development Fund, the CSN’s Caisse d’économie Desjardins des Travailleuses et Travailleurs, FondAction, FilAction, Fonds de Financement Coopératif, the state’s Investissement Québec, and the Chantier’s Réseau d’investissement social du Québec (Réseau d’investissement social du Québec, 2005) and Fiducie du Chantier, etc. (See Appendix C).

### 5.11 Social innovation as a political process

The three decades of intensive social innovation outlined here is clearly a political process, involving cross-sectoral conflict, negotiation, and coordination. Co-operative proponents engage the state, economic intermediaries like the CDCs, the CEDCs, the CFDCs, and the CLDs, and movement partners like the old co-ops, the unions, and local groups in an effort to enlist their support. The development strategy proposed is counter-hegemonic in that it constitutes a break with the exclusionary, status quo development model. In this sense, it is, by definition, a challenge to the traditional duopoly of state and private enterprise. The case for economic pluralism is a political argument that builds on, and extends, the democratic logic of corporatist traditions at the state level. By
destabilizing economic and political settlements in favour of innovative action, the rise of
the social economy also contributes to the renewal of co-operative traditions and
organization, labour movement innovations (such as LSIFs and the Groupes Conseiles),
and community-level action and organization, notably feminist mobilization. The social
economy has forged an awkward and fragile new coalition of social actors for economic
action. This is an incomplete and conflictual revolution which remains largely
aspirational in its character, prescribing what the social economy should and could be
rather than simply reducing it to an inert, inanimate, empiricist category of what is. The
Chantier’s prescriptive definition can be found in its 1996 report, Osons la solidarité
(Chantier de l’économie sociale, 1996). Its conception of the social economy is an idée
force, a driving force for a different form of economic action by non-traditional economic
actors. It is as, one Chantier participant described it to the author, “a work in progress.”

Neamtan emphasizes the strategic centrality of “cultural shifts” in this emerging
movement (2004, pp. 26-30). For these innovations were preceded, as Gramsci (1990)
might put it, by “an intense labour of criticism,” a “diffusion of culture,” and “the spread
of ideas.” Like past insurgencies against the status quo, the new co-operation, too, had to
achieve the “ties of solidarity” and “unified consciousness” necessary to its renewed
vitality (p. 14). Activists, researchers and developers were all engaged in an intellectual
and cultural struggle to both define a new co-operative project and win hearts and minds
to it. They built popular mental preparedness for the necessary “cultural expansion” of
coopération—and other forms of social ownership. In short, it took communication and
education to assemble a viable “historical bloc” 53 to advance this new conception of the
“social economy movement.”

One expression of this process of community animation was the extensive reflection
within co-operative ranks initiated by the CCQ under Béland’s leadership. By convening
a series of regional roundtables on the state of Québec’s co-operative movement, the

53 Carroll and Ratner (1989) have defined Gramsci’s concept of an historical bloc as “a strategic alignment
of classes, class fractions and popular groupings whose interests and outlook are realized within the project
and whose coalescence establishes an organic relation between (the economic) base and (the ideological-
cultural) superstructure” (p. 30).
CCQ engaged its own rank and file in a structured reflection on the need for co-operative economic action. Thousands discussed how best to achieve co-operative renewal. This was paralleled by an international conference on worker co-operatives and by a series of regional economic summits during the early eighties. Certainly, these popular consultations fed into the substantial technical, financial, legal, and organizational innovations cited by Vézina (2001). For example, support to worker co-operatives, the creation of the CDR network, and the Co-operative Investment Plan were all recommendations brought directly forward from the economic summit on co-operatives in February 1980. However, underpinning all of these discrete achievements is the political process of building movement understanding, will, and agency for concerted economic action. “Cognitive liberation” (McAdam, 1982) required active and sustained intellectual and ideological struggle, from inside and outside the co-operative movement.

Neamtan (2004) has described three of the cultural shifts that continue to define the conscientization of Québec’s popular movements. First, she argues, the community sector and social movements need to “move from opposition to proposition and from conservation to innovation in the political discourse.” Second, popular forces need to put “aside nostalgia for the welfare state and instead (rethink) what progressive government should look like in the 21st Century.” Third, she argues the popular movement needs to better understand and assert “the link between social and economic development … to impose itself as an actor in economic development to democratize our economy” (p. 30).

These cultural shifts, which began to emerge in the eighties, involve more than a rational shift in the collective definition of the problem and a resolve to do something about it. They require a fundamental shift in identity, affectivity, and agency: “Empowerment… involves changing power relations… and … a process of personal change… Self-perception moves from victim to agent, as people are able to act in a political and social

Freire (1985) argues that achieving a critical consciousness depends on a process of conscientization. This is a popular education process through which participants achieve a clear understanding of the world, allowing for them to take informed and strategic action against oppressive elements in their lives.
arena and pursue their own interests” (Shragge, 1993, iii). Neamtan proposes a social movement for economic action that is focused, forward-looking, and persuasive.

Developing a new sense of collective identity and agency is an important political process of cognitive liberation in which actors come to make sense of their situation in a new way. This is how actors become agents of an emergent development paradigm and social movement and begin to define a social project that reflects their interests, values, and aspirations. This process of collective attribution and alliance formation is neither automatic nor simple for it requires reaching new understandings and relationships. With the labour movement, for example, this means ensuring the social economy does not become a “starvation economy” of contracted out social services or a means of privatization and union-busting. With the state, it means ensuring respect for the autonomy of social economy actors within a pluralist economy. These ideological accords are benchmarks of movement authority and the authority and appeal of the pluralist model.

In establishing the case for the social economy within a plural economy, its agents must enforce these kinds of boundaries to secure its ethical and political basis. Internally, social economy actors must share a common movement ideology as codified in its documents, declarations, and periodicals, a common non-hierarchical and collaborative habitus—or working relationship—within the “network of networks,” and a set of practices that embody these ideas and values and effectively reproduce the movement’s autonomy. Its partners also need to understand those boundaries, understand why they exist and respect them. Without a working consensus around what the social economy stands for, how it works and the specific means through which it realizes its objectives, movement autonomy risks being reduced by the isomorphic pressures of the market and the state.55

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55 As Lévesque & Ninacs have argued, social economy initiatives risk being assimilated into 1) traditional non-profit organization (NPO) norms of state-dependent service delivery; 2) mercantile encroachment and cooption into commercial norms; or 3) the steering of profitable innovations into the private sector and less profitable ones into state delivery. They provide the example of the institutionalization of community-based pilot projects in health and social services, like community clinics in the seventies. These demonstrate the potential for state takeover of civil society initiative. Similarly, the privatization of recycling social
The tacit accord between social economy actors, the unions, and other social movement patrons provides important limits in negotiations with the state and defines norms of appropriate movement conduct that reflect “social economy values.” As Lévesque writes, these include: 1) a wage floor of $8.50 per hour; 2) no raiding of public sector jobs; 3) universal service standards regardless of user income, e.g. child care centres; and 4) integration to insure innovation transfer across sectors (2000, p. 120). “Women are adamant that the jobs created in the social economy be stable, decently paid, and provide good working conditions” (p. 123) as opposed to simply creating a pink collar ghetto that reproduces the traditional derogation of care (i.e. women’s work). When these norms are breeched, as in the case of home care co-operatives which overlap public service delivery, the author learned that movement relations may be strained. Cross-sectoral co-operation and movement morale can be tested.

While social economy leaders emphasize that the movement is a work in progress, a series of workshops, summits, newletters, declarations, and online and educational tools have helped to refine, develop, and popularize its ethico-political principles (Chantier de l’économie sociale, 2006; Réseau d’investissement social du Québec, 2005). Rather than develop enforcement mechanisms, the Chantier has created a forum for continuous debate, discussion, negotiation, and the forging of a shared political culture (Neamtan, 2004).

Vézina (2001) provides documentary evidence that Québec public servants understand the tacit assumptions of cross-movement solidarity upon which effective social economy development is predicated. For example, using the social economy as a vehicle for privatization or contracting out is a non-starter. Civil servants explained their emphasis on creating new jobs would extend the reach of the public service to meet emerging needs but Québec was not prepared to follow the lead of their neo-liberal neighbours in enterprises demonstrates the broader potential for privatization of social innovations. Both forms of assimilation undermine the democratic practice characteristic of civil society. Takeover by the state or investors both limit the mobilization of community and movement resources (2000, pp. 120 - 121).
Ontario (Browne, 2000), eager to cannibalize services already in the public sector for short-term cost-savings. “Services assumed by a co-operative must complement and not take the place of activities offered by the public sector” (Vézina, 2001, p. 148). In this case, partnership regulation clearly trumps market regulation.

The importance of disciplined movement self-regulation, and the capacity to enforce its own norms against isomorphic pressures, is evident in the co-optive efforts of neo-liberal administrations. For example, Ontario has moved to harness the third sector as a vehicle for contracting out, union-busting, and cost reduction (Quarter, 2000; Browne, 2000). In the U.S., the movement toward “social enterprise” often amounts to individual, entrepreneurial initiatives or “philanthro-capitalism,” a contracting relationship without regard for the kind of movement standards now entrenched in Québec. As Browne argues, “the privatization of the management of poverty… is a facet of neo-liberal social policy” through a “new contracting regime” that provides a “cheap substitute for unionized, better paid public service.” (2000, p. 67). In this neo-liberal model, voluntary labour and charitable donations are exploited to reduce state-spending, which is then redistributed (upward) through tax breaks. Far from Québec’s social democratic partnership, social enterprise can also become part of a regressive social policy paradigm. Indeed, a neo-liberal approach can even supplant the prior liberal-democratic emphasis on funding advocacy, the basis of citizenship rights for the disadvantaged and their service-providers. In the market regulation paradigm, advocacy is deemed a “waste of scarce resources needed for frontline service delivery” (p. 68).

Of course, there are conflicts and tensions between partners based on which movements are the vehicles of sector expansion and whose memberships, dues, and institutional power bases are therefore enhanced. Unions may object to the wages paid in home care co-ops or their expansion into markets where public provision is available. Conversely, several co-operative movement actors expressed displeasure with the state’s decision to opt for a unionized, non-profit model for its $5 a day daycare program.
In addition to the sectoral turf wars that are bound to arise from serious development initiatives, there are plenty of other divisions. One of the most significant is gender-based. As Lévesque notes, “Some polarization does exist in social economy support structures. The regional social economy committees—technical assistance support groups made up of women—tend to perceive the social economy as limited to service and mutual assistance initiatives, in other words non-commercial and non-profit activities. On the other hand, the regional development co-operatives often limit their assistance to manufacturing and commercial co-operatives” (Lévesque, 2000, p. 123). This tension between the primacy of social and economic objectives also reflects a private-public polarization along gender lines, between the productivist, patriarchal tradition of (male) “bricks and mortar” job creation and a “business-like approach” and the feminist emphasis on care, a “community-service approach,” and “pink collar” employment for women. Like the conflict within co-operatives between associational and enterprise aspects, Lévesque argues this is an endemic conflict for the wider social economy. “These two visions, based respectively on need and business development, must be merged” (p. 123).

Of course, one of the most vexing divisions, a partial continuation of the tension between the old co-ops and new co-ops in the 60s and 70s, is between the old social economy—particularly the CQCM, and the new social economy—represented most clearly by the Chantier. Underlying this rivalry, several respondents outlined, is a complex articulation of oppositions. This includes a regional component, with the Chantier weighted toward Montréal and the CQCM weighted toward the rural regions. The CQCM culture is business-like, hierarchical, conservative, and rooted in self-help doctrine. The Chantier culture is rooted in a non-hierarchical network model, and a protest movement tradition inflected by rights advocacy, trade union adversariality, and leftist and feminist politics. The CQCM is viewed as more traditional, older, and ethnically homogenous whereas the Chantier appears younger, more cosmopolitan, and more engaged with the cultural sector.
This chapter has tracked the evolution of this movement for democratic partnership—against the social forces of globalization, the decline of the KWS, and the crisis of federalism on the one hand and as an expression of the confluence of labour, CED, and social economy movements on the other. However, it needs to be stated clearly that the search for a “first mover” in this innovation network is fundamentally wrong-headed. For the real essence of these innovations is the “concertation” of diverse actors in new forms of partnership, both within civil society and between civil society and the state. This more subtle and complex narrative of the co-operative resurgence reflects its embeddedness in larger social movement dynamics, including the redefinition of the role of a developmental state. Certainly there are specific, discrete, and important innovations—such as solidarity finance instruments, the CDR Network, the CDL network, the creation of the Chantier de l’économie sociale, the law against poverty, and the development of new legislative tools and organizational models—each of which deserve more detailed attention in themselves. These innovations are each, indeed, potential elements of development strategies elsewhere. However, efforts to replicate any of these discrete institutional or policy innovations outside a wider, context-specific strategy of social innovation that accounts for the vital participation of social movements in democratic partnerships would be a mistake.

It is also important to note that while the structural and organizational bases for co-operative development were redefined through the eighties, a parallel development of community organization was also taking place. This new element began to reshape the co-operative field in the nineties, as co-operative development was increasingly understood as part of the larger efforts of the “social economy.” From 1996, in particular, the view was increasingly, and forcefully, advanced that community movements and non-profit organizations (NPOs) shared the democratic, associative principles that place service before profit. They were, therefore, increasingly viewed as part of the same broad social movement for economic democracy. Building, in part, on the extended social movement affinities between the “new co-ops” and their social movement constituencies, Lévesque (in Vaillancourt, 2009) argues that co-operation needs to be understood within that emergent context.
As Lévesque explains, in the globalization era, co-operation goes through a fundamental and conflictual transition, from being embedded within economic nationalism (from 1960 to 1990) to repositioning within a recognition of the social and solidarity economy (from 1990-2008) (in Vaillancourt, 2009). In large part, this is the history of the development of a “democratic partnership,” in which civil society has played a leading role, for co-operative economic action. This new regime has involved both a confluence of social movement action in the economic field, i.e. the rise of the social economy and a redefinition of state action, i.e. the rise of the new partnership state. It is only from within this context that the co-operative movement transformation from an interest group lobby to a developmental movement makes sense. For, as argued above, the co-operative movement is necessarily embedded in an ensemble of social relations. Just as the restructuring of global markets facilitated the growth of the multinational corporate sector by securing new legal and political facilities, so too did the restructuring of the co-operative economy in Québec depend on complementary innovations in the wider field of economic policy, political culture, and institutional supports. Economic restructuring, in this sense, depends on a broad social process of reciprocal and interdependent innovation.

Finally, Vaillancourt (2009) argues that Québec’s co-operative movement is currently at yet another turning point in its history. He suggests the imminent institutional possibility of a further evolution: a re-embedding of the social economy (and co-operation) within a renewed social democratic politics. This possibility would replace the statism and centralism of traditional social democracy with a developmental commitment to a robust, participatory social economy alongside the public and private sectors. He contends that, from 1990 to 2008, an essentially social democratic conception of state support, shorn of its statist and centralist prejudices, has germinated in Québec but also that this is only

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56 The re-invention of social democracy is a matter of particular import for Québec and Saskatchewan, among Canada’s most social democratic provinces. Yeo (2001) has also described the encounter between New Labour and a new mutualism as an advance for “associationism,” voluntary, associational activity, over “collectivism,” rule by professional and managerial experts. Unlike statism and collectivism, Yeo argues that only associationism offers a “democratic, inclusive way forward” (p. 227). Yet, despite the pronouncements of Third Way theorists, entrenched authority in the managerial ranks of state and sector power alike can be expected to resist such democratization. As Greenberg (1986) has argued, “the social democratic strategy, concentrating as it does on elections, encourages a politics of occasional or
one possible outcome of the emerging possibilities (p. 33). However, he also suggests that historic co-operation elsewhere, such as in Saskatchewan, has been heavily influenced and supported by social democratic movements. He claims that the “missed date with social democracy” in Québec is an “astonishing fact” (pp. 3, 18).

According to Vaillancourt, there is an unrecognized basis in Canadians’ social democratic values for co-operative enterprise. He claims that, in Québec, the convergence of a social and solidarity economy and a renewed social democracy is now on the agenda. He argues that social democracy was critiqued from the right from 1930 to 1960, and from the left from 1960 to 1990. However, he claims that current conditions favour a popular commitment to a different kind of capitalism. This new economic settlement is characterized by a robustly “plural economy.” In this new political economy, there is room for a new balance between the solidarity economy (giving and reciprocity), the public economy (redistribution), and the market economy (p. 28). In fact, this perspective parts company significantly with the statist social democracy which prevails in English-speaking Canada. This may be the most telling difference in the way Québec co-operators and English-speaking co-operators outside Québec frame the politics of co-operation. In the English-speaking Canadian tradition, there is a dualistic tendency to view co-operation either as an alternative to capitalism, following in the tradition of the early agrarian radicals and the Marxist tradition, or as a remedy to its excesses, as in liberal co-operativism. The informants engaged in this study had their differences. But they all spoke in a different common language, not only about the “social economy” but also about the politics of the economy. This reframing of the problem, toward a different kind of capitalism, with a larger co-operative and socially-owned sector, i.e. a plural economy, appears to be an important part of the unity, coherence, confidence, and accomplishments of the Québec movement.

*intermittent involvement* among the people. It asks its adherents to read its literature, to attend meetings and rallies, and to cast votes. It does not ask that they create and run their own institutions in their neighbourhoods and workplaces. It does not ask people to become self-governing citizens but to be followers, responding to the signals of well-meaning but distant and powerful institutions (p. 180; my emphasis).
Others warn of a neo-liberal regression: “The return to the political economy of the Victorian era only too naturally leads to a return to 19th century philanthropic ideals and practices” (Browne, 2000, p. 74). Vaillancourt admits that this too is a possibility. He suggests the contradiction is between forces that would co-opt non-profit organizations (NPOs) and co-operatives into low-cost, low wage service provision and forces that view the social economy as part of a structural reform to advance popular democratic participation. In the neo-liberal version of contracting out, social enterprise is consistent with an agenda of privatization, union-busting, and minimal service delivery. This is a paradigm of market regulation. In the social democratic version of social economy development, Vaillancourt argues, alternative development actors, principles, and objectives redefine a different kind of capitalism. In the latter conception, the social economy is regulated from above by a renewed social democracy and from below by a renewed social movement. This relationship is governed by a paradigm of partnership regulation or democratic partnership. In any event, the different possible outcomes serve to illustrate that the social economy is neither essentially positive nor negative; rather, it is a terrain of struggle. What shape it may take depends entirely on the balance of social forces. This globalization-era settlement or “historical compromise” is open-ended.
CHAPTER SIX

THE RISE AND FALL OF AGRARIAN SOCIALISM:

THE EVOLUTION OF THE CO-OPERATIVE FIELD

IN SASKATCHEWAN, 1900 - 1980.

An agricultural economy in the making, farmers’ movements drove co-operative innovation in the region of present-day Saskatchewan through the first half of the twentieth century. Farmers’ organizations, starting with the Territorial Grain Growers Association (TGGA), were the early co-operative movement’s protagonists and patrons. Pragmatic farmers first organized producer pools to market their wheat, dairy, eggs, and poultry before organizing themselves as consumers, launching buying clubs for bulk commodities, and later joining full-scale co-op stores and forming wholesales. In the Great Depression, they extended their reach by joining credit unions. This restless grassroots diffusion, adaptation, and re-invention of the co-operative model responded to the evolving challenges faced by the province’s increasingly class conscious farmers. While wider involvement would follow, co-operation in early Saskatchewan was producer-dominated. Co-operation was an organic extension of the farmers’ movement.

In this agrarian phase of co-operative innovation, Saskatchewan farmers relied heavily on intermediary organizations like the TGGA. It raised funds to organize co-operative development campaigns, lobby government, and disseminate information. However, these intermediaries were more than simply conduits for resource-mobilization. For the achievements of Prairie co-operation also reflect the history of ideas, ideological struggle, and cultural development that defined the farmers’ movement. The TGGA and its successor organizations were part of a vast adult education network. This network encompassed organizations like the Patrons of Husbandry, organs of the agrarian press like the *Territorial Grain Growers Guide*, and political parties such as the Progressives. These organizations formed the early mobilizing network of the evolving agrarian revolt.
Agrarian intermediary organizations helped animate the emerging self-definition of this class of modern farmers. They cultivated the “inner-life” of the agrarian and co-operative movements. For the building of co-operation was a process of constructing meanings, identities, and communities as well as building organizations and grain elevators. Co-operative organizing and membership were embedded within the emerging “social bloc” of the prairie farmer’s movement. As Fairbairn (1994) has argued, need is never a sufficient condition to mobilize co-operative innovation. To be successful, the early producer co-ops also required the coherence and coordination that emerges from within a network of ideas and institutions (p. 4). The development of co-operation in Saskatchewan also required the development of human potential. For, in the final instance, it takes the agency and adhesion of knowledgeable, skilled, and energized members and strategically-led movements to build viable co-operative sectors.

Saskatchewan’s co-operative movement was far from the automatic consequence of agrarian class organization and consciousness. It was an uneven, conflictual, and evolving struggle. Early Prairie co-operation was an ideologically diverse movement, combining liberals, pragmatists, purists, Marxists, and social democrats. Some viewed co-operation as part of a transformative movement for broader social change. Others viewed it as a means to correct abuses. Still others viewed it as a tool to advance the interests of specific occupational groups (MacPherson, 1979). Early co-operators faced the challenge of sustaining unity through periods of crisis, strain, and difficulty. Of course, factions remained. The history of Saskatchewan’s co-operative movement is largely the history of those shifting alliances, ideologies, and the struggles between these tendencies for leadership within the emerging movement.

In Saskatchewan, these diverse movement tendencies were powerfully conditioned by immigration patterns and the early dominance of producer co-operation. As Fairbairn (2005) chronicles, the Saskatchewan movement defined itself through three sets of tensions. First, there was the opposition between the utilitarian and idealist factions. Pragmatic materialists were motivated by short-term self-interest. He suggests this was
the dominant strain among farmers. Pitted against this tendency, there was a smaller, more active group of true believers, idealists like E. A. Partridge, who challenged the limited goals of liberal pragmatists, pushing forward his vision of wheat-pooling and agrarian socialism. Partridge and other movement visionaries looked well beyond farmers’ short-term self-interest and the terms of a frontier political economy. Second, there were some co-operators influenced by the British and some by the American traditions. Third, there were those who principally favoured producer or consumer based models of co-operation. These differences tended to cluster into two broad tendencies: pragmatic, American-influenced producer co-operators on the one hand and more idealist, British-influenced consumer co-operators on the other (Fairbairn, 2005).

The early co-operative field in Saskatchewan was built on the foundations of the farm movement, producer co-operation, and the American experience with pooling. However, over the first half of the twentieth century the province’s emerging co-operative tradition also widened into a more inclusive, diverse, and “communitarian” movement. It came to span consumer co-operation and credit unionism. It also grew to overlap North America’s most successful socialist movement (Lipset, 1959).

This robust frontier expansion could not be sustained indefinitely. In the latter half of the century, the traditionally dominant agrarian tradition declined as farm sizes increased and farm numbers declined. Cohesion frayed as farming—and the agrarian movement—polarized between small family farms and larger industrial farms. Reinforcing internal divisions was the steady growth of urban employment and the rise to dominance of the resource economy. Retail co-operatives and credit unions refocused on growing urban populations. New urban co-operatives, such as community clinics and child care co-operatives, struggled to sustain themselves and build viable sectors.

6.1 Precedents and parallels: Establishing the conditions for settler co-operation, 1884 – 1905

The story of co-operation in Saskatchewan begins against the backdrop of two defining social forces at the turn of the twentieth century. The great land rush saw the settlement
of a million immigrants in the Prairie West within the span of two decades (Conway, 2006). From 1901 to 1911, Saskatchewan’s population increased more than five-fold (Brown, 1973). The wheat boom followed. These remarkable developments set the stage for equally remarkable campaigns to establish the great Prairie wheat pools early in the twenties. Rapid settlement and agricultural exploitation defined early Saskatchewan, driving early co-operation on the agricultural frontier.

As Waiser (2005) argues, the “big idea” of Saskatchewan as a grain-growing, settler society was formed in this period: “Saskatchewan was based on one dominant culture (Anglo-Canadian) engaged in one dominant activity (the production of wheat for the export market) in one dominant zone of activity (the southern half of the province)” (p. 9). It was a contradictory project. On the one hand, it was the clear, top-down articulation of the federal government’s National Policy’s vision for Prairie grain export. They would also provide a captive market for the tariff-protected manufactures of central Canadian industry. Saskatchewan’s role in this early division of labour was consequently that of an internal colony. The wheat boom would be harnessed to drive a commercial boom in central Canada.

On the other hand, the “big idea” of the Wheat Province also forged the agrarian class consciousness and organization necessary to resist successfully. In addition to leading political action and forming protest parties, farmers also targeted the grain trade, eastern manufacturers, profiteering middle men, the railroads, and the bankers. From the outset of the Province’s history, this powerful farmers’ movement drove co-operative development, and commanded provincial state support for these efforts. While the federal state was remote from the concerns of Western farmers, the first government of the new Province overlapped the farmers’ movement. Over the first decades of Saskatchewan’s existence as a province, agrarian co-operation emerged as one of its strongest foundations. Farmer-led co-operation helped build the early province, both practically and by articulating a powerful associative ethic that defined a sense of collective identity. The great pooling campaign of the early twenties forged a powerful commitment to
collective action and staked the terrain on which further development would take root, while largely forgetting whose land this had been less than half a century earlier.

However, long before frontier agricultural settlement in the region of present-day Saskatchewan, developments elsewhere were laying the groundwork for Prairie co-operation. The Rochdale experiment was established in England in 1844. In just over forty years, Canada’s federal government was putting down the Riel Resistance in the North-West Territories. The state consolidated its hegemony against the agitations of settlers and Aboriginal peoples for representative government by executing Métis leader Louis Riel and eight Indians in Regina (Conway, 2006; McLean, 1985). This move further inflamed the sense of regional grievance against Ontario, particularly for Prairie francophones and Métis and les Québécois. Increased antagonism toward the federal state lent further force and moral sanction to the co-operative projects to later emerge as part of a regional protest in Saskatchewan and a nationalist movement in Québec.

The heavy hand of state repression marginalized, assimilated, or eliminated Métis, French, and Indian populations in the emerging, British-dominated culture. The weakening of communication channels between Saskatchewan and Québec slowed innovation diffusion both ways. A legacy of ethno-cultural segregation delayed the widespread Depression-era adoption of credit unionism in Saskatchewan by two full decades (MacPherson, 1979) and deferred “the encounter between the social economy and social democracy” in Québec (Vaillancourt, 2009, p. 74).

Co-operativism was an historically young but robust movement at the turn of the twentieth century. The movement grew quickly. In the next three decades, as settlement accelerated across the Prairie West, co-operative ideas spread across Europe. The first congress of the International Co-operative Alliance was held in London in 1895,

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57 As Birchall (1997) notes, there were precursors to the famous experiment of the Rochdale Pioneers (pp. 3 - 4). A detailed reflection on “The Meaning of Rochdale” can be found in Fairbairn (1994).

58 As Brown (1973) chronicles, this “long and bitter struggle to achieve provincial status…helped to accentuate the regional antagonism to the East and distrust of the national political parties” (p. 63).
including delegates from the USA and Argentina (Birchall, 1997). It was a benchmark for the trans-Atlantic diffusion of the co-operative model. More important were the experiences many settlers had with co-operation before venturing West. As MacPherson (1979) documents, the early experiments of the Patrons of Husbandry in the 1870s and the Patrons of Industry in the 1890s, primarily in Ontario, set the stage for Prairie co-operation. Many settlers bound for the territories of present-day Saskatchewan were exposed to Ontarian efforts to establish insurance, trust, and salt companies. The Grange (as the Patrons of Husbandry was called) developed a co-operatively owned wholesale in Ontario before the movement’s collapse. These efforts set the stage for later farmers’ marketing and supply societies (MacPherson, 1979). Indeed, the Patrons of Industry built the first farmers’ grain elevator in Boissevain, Manitoba (Conway, 2006).

Farmers in Central Canada had been establishing mutual insurance companies since the 1830s, but in 1891, the Patrons of Industry pushed West, organizing at Portage la Prairie. The Patrons established consumer co-operatives for twine, coal oil, and coal and unsuccessfully attempted a binder twine production co-operative. Co-operative creameries, which took root in Denmark and the USA in the late Nineteenth Century, were also emerging in Québec, Ontario, and the Maritimes by the 1870s and 1880s. By 1900, there were over 1200 co-operative creameries in Canada. Some began to sprout on the Prairies. By 1917, twenty Saskatchewan creameries combined to form Saskatchewan Co-operative Creameries (MacPherson, 1979). Complementing this central Canadian influence was a wave of first generation British immigrants, many schooled in trade unionism, consumer co-operation, and socialist politics. Cross-border migration from the U.S. also brought first-hand experience in dry-land farming, populist farmer politics, and co-operative organization. Notably, the Americans brought experience with wheat-pooling. Sharp (1997) contends the most important influences on the early agrarian societies of the Canadian Prairie were the Ontario influence, British influence, and American influence, in that order (p. x).59

59 This Anglo-American interpretation discounts the important role of Saskatchewan’s increasingly diverse population to co-operative efforts. As Lipset (1959) details, by 1941 14.7 percent of the total population of the province were Germans. 7.8 percent were Scandinavians. 9 percent were Ukrainian and 2.9 percent were Russians. 5.7 percent were French and 4.1 percent were Dutch (p. 34). Each of these countries had
Sharp’s classic study, *The Agrarian Revolt in Western Canada*, focuses on the American influence. He argues significant settlement of the Canadian Prairies did not take place until the availability of land south of the border was exhausted. As the price of land in the U.S. spiked, an “American invasion” turned North-ward. By 1920 America immigrants likely exceeded a million and a quarter (1997, p. 3). These American settlers, with their more violent experience of dispossessing Indigenous peoples, joined the dominant, British-Canadian settler culture. But they exercised important influence on early, farmer-led co-operation in Saskatchewan. While the scope, scale, and longevity of the great Canadian Prairie pools out-paced the American pools, “by 1907 half the farmers of America were members of some form of co-operative enterprise” (Sharp, 1997, p. 28).

The driving force of the Saskatchewan pooling campaign, E. A. Partridge, took inspiration from developments across the wheat belt of the continental North-West (Knutilla, 1994).

The diffusion of co-operative experiences from Ontario, Britain, the U.S., continental Europe, Scandinavia, Russia, and the Ukraine all converged on the Saskatchewan scene as the population of present-day Saskatchewan leapt ten-fold, from just over 91,000 in 1901 to 920,000 by 1931. In this period, total farm acreage increased fourteen-fold, from 3,833,434 acres to 55,673,460 acres (Knutilla, 1994). This massive tide of immigration and agricultural settlement brought with it fresh knowledge of co-operative successes elsewhere, intimate familiarity with the techniques of co-operative organization, and the ability to organize and educate an emerging co-operative movement. Conditions were ripe (MacPherson, 1979).

their own co-operative traditions. Taken together, these populations come close to the British proportion of the population, at 44.2 percent to 44.9 percent. If one breaks down the definition of Britishness to extract the predominantly Catholic, and largely anti-British, Irish segment, this proportion declines significantly. Certainly, Anglo-Saxon dominance prevailed but it is also clear that minority cultures also played an important role. In particular, ethnic bloc settlement meant the ethnic mix varied widely from region to region (Fung, Barry & Wilson, 1999).

60 “By 1914, for example, there were 264 co-operative elevator companies in North Dakota, 241 in Minnesota, 288 in Iowa, and 183 in Nebraska. In the prairie provinces in the same year, there were 135 farmers elevators in Manitoba, 192 in Saskatchewan and 52 in Alberta” (Sharp, 1997, p. 30).
This was a unique Euro-colonial conjuncture: new people with new ideas were populating a new place, and were poised to invent a new settler civilization. The mix of diverse experiences in co-operation created a crucial condition for the achievements to follow. But the take-off of the Saskatchewan wheat economy also depended on three other developments. First, a revolution in milling methods in the 1870s and 1880s made it possible to grind the hard wheat produced in this region into clean white flour. This meant Saskatchewan crops could be sold on world markets. Second, Canadian farmers’ agitations secured the Crow’s Nest Pass Agreement of 1897. The Crow Rate shipping subsidy gave Canadian farmers a significant advantage over their cross-border cousins. Third, massive rail line expansion meant widely dispersed grain growers could effectively get their product to market. Railway mileage across the Prairies tripled from 1901, at 3716 miles, to 1915, when 11,710 miles of track had been laid (Sharp, 1997).

With these new means of production and distribution in place, commercial grain production was poised to revolutionize the political economy of the Prairie West:

The emergence of this area as a wheat-producing region coincided with the fundamental change in North American agriculture which transformed a self-sufficing economy into a commercialized economy. By the time the Dakotas, Montana and the Prairie Provinces had been settled, the commercialization of agriculture was accomplished, and the modern farmer had appeared. (Sharp, 1997, p. 17)

Like the Industrial Revolution in England, which created the modern working class, the birth of Saskatchewan’s wheat economy at the turn of the twentieth century was also a “great transformation” (Polanyi, 2001; Spry, 1976). It also brought a new mode of production and a new class into existence. The enclosures drove English peasants off the land and into wage-labour. Similarly, the 1870 “purchase” of the West from the Hudson Bay Company and the introduction of the reservation system blighted the Indian populations’ way of life. It was the end of the Indigenous Commons in Western Canada. The colonial state aggressively resettled the Prairies with immigrant agrarians by the late 1890s (Brown, 1973). From an economy based on hunting and gathering and the fur
trade, the region of present day Saskatchewan would be radically restructured by an agricultural mode of production. These petit bourgeois commodity producers would work their own land (often with hired help),\(^1\) trade in international grain markets and drive further economic, social, and democratic development of this new settler society. Like co-operators in other settler societies, Saskatchewan farmers lived the contradiction of being both oppressor and oppressed on this new frontier. On the one hand, the settler-landowners occupied Aboriginal lands and were an instrument of the colonization process. On the other hand, they were part of a colonial hinterland pitted against the federal state and central Canadian capitalist interests (Fairbairn, 2005).

Following the Rochdale weavers’ legacy, a powerful and varied English co-operative movement, these family farmers would also adapt, expand, and diversify co-operation to meet their emerging needs and aspirations in the decades ahead. However, just as the Rochdale project was defined by the rapidly urbanizing, industrial capitalist economy in which it was embedded, Prairie co-operation was shaped by the suppression of regional industry, its dependence on the international grain trade and its virtual one-class structure as a farmers’ society. Indeed, by 1905, when Saskatchewan was finally granted provincial status, Waiser argues the new province had already been defined by the “big idea” of agrarian settlement for wheat production (2005, p. 9). This “big idea” would ultimately account for both the rise and fall of Saskatchewan’s early, agrarian co-operative movement. It provided strong force and focus to early movement development, while placing limits on its long-range expansion and renewal.

### 6.2 The first wave: Building the wheat pools, 1900 – 1920.

The achievements of Saskatchewan’s co-operative movement must be understood in terms of the historically transient conditions created by the rapid influx of a million settlers to the Prairie West between 1896 and 1913 (Conway, 2006). In Saskatchewan, the population rose from 41,522 in 1891 to 257,763 in 1906. The Aboriginal population,

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\(^{61}\) “Every August the railways sponsored what were known as harvest excursions, bringing thousands of migrant workers to the prairies at reduced rates to help bring in the crop. Nearly 17,000 men made the trip west in 1905; a record 27,500 were recruited three years later.” (Waiser, 2005, p. 21)
officially estimated at 6,358 was reduced to only 3 percent of Saskatchewan’s population. Eighty percent of the population was rural (Waiser, 2005). State-sponsored settlement defined the frontier at the turn of the century. Aggressive marketing by colonization companies like the Saskatchewan Valley Land Company and the Canadian Colonization Association (Sharp, 1997) attracted the pioneers of this settler society.

Those breaking the frontier for farming endured great hardships, from hard labour to social isolation to an extreme climate. They soon also encountered the challenges of underdeveloped infrastructure and mercenary grain-traders, railroads, merchants, and bankers. The pioneers soon realized that the National Policy’s east-west railway ties and a tariff wall against cross-border trade with the United States had created a “captive market” for central Canadian manufacturing and commercial interests. Settlers had been lured by free land and the wheat boom only to find themselves ambushed by vested interests. Many returned to the United States as a result: “The high cost of agricultural implements discouraged (some) who felt that they were paying up to 20 percent more for their equipment than they had in the States, and, at the same time, were receiving 10 to 20 percent less for everything they sold” (Sharp, 1997, p. 13). An enduring regional disparity between an industrial heartland and its dependent agricultural hinterland was thus built into Confederation by design. The contradiction, as Conway (2006) puts it, is that Territorial farmers were forced to “sell cheap” into an international wheat market; everything else they had to “buy dear” from protected Eastern manufacturers (p. 30). The settlers of early Saskatchewan were vulnerable, exploited, and increasingly militant against what they viewed as a project of social engineering on behalf of central Canadian capitalists. Throughout the twentieth century, Saskatchewan would struggle to break free from the hated tariff and the volatility of a one crop economy, but the first mover advantage granted Eastern manufacturers would condemn the West to an enduring position of industrial underdevelopment and dependency.

The co-operative movement would spring up as one response to this structural contradiction. From the outset, the co-operative movement was embedded within a larger extended movement family for agrarian reform. It became a key tool in the larger
repertoire of farmers’ movement action. The early force, trajectory, and character of co-operation in Saskatchewan all reflected this fact. The clearest example of the central role of the wheat staple, and the formative leadership of the grain growers in the emerging co-operative movement, was the great campaign of the early 1920s to organize the Wheat Pool. Farmers never forgot the fall of 1901 when half their record-breaking crop was lost to spoilage because neither the Canadian Pacific Railway nor the grain companies were prepared for the volumes. This sparked the formation of the TGGA and organized agitation on box car shortages and elevators. Buoyed by complaints about grading, weights, dockage, and price-fixing, farmer-owned, co-operative grain-handling triumphed on the Prairies (Knutilla, 1994). By 1930, over half of Prairie farmers contracted with a Pool (Conway, 2006). Within another decade, the Prairie pools were the “largest business groupings in Canada in terms of dollars” (MacPherson, 1979, p. 120).

Growing out of SGGA buying clubs, retail co-operatives also had their roots in the agrarian movement (Fairbairn, 1989, p. 21). By 1920, there were over 300 consumer co-ops, with about 19,000 members across the Prairies (MacPherson, 1979, p. 63). In 1926, with government aid, the Saskatchewan Livestock Pool and the Saskatchewan Egg and Poultry Pool62 were organized (p. 98). This chain of broad-based innovations in the first three decades of the century established a leading role for producer co-operation. It was a producer-led and dominated movement in which consumers were a junior partner.

However, the early pooling campaigns also left an enduring influence on the culture and sense of identity of Saskatchewan people. Following McAdam (1982), the mobilizing network for the early agrarian settlers’ co-operative movement was clearly based in the TGGA (after 1905, the SGGA). The TGGA organized local meetings and published the

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62 As Taylor (2000) documents, the Eggs and Poultry Pool was an early women’s beachhead in a male-dominated co-operative movement. Reflecting the division of labour on early Saskatchewan farms, women often tended farmyard production (keeping garden, collecting eggs, churning butter, milking cows and separating milk). In 1925 a group of women resolved to form a pool to market the surplus products which they had previously bartered or sold locally. By March 26, they had signed up 8730 members and the “Women’s Pool” was born (pp. 68-70). Taylor’s account of Violet McNaughton’s co-operative organizing, journalism, and movement entrepreneurship provides important insight into a male-dominated movement, and movement history. Similarly, Holtslander (1998) accounts for the important role of Annie Hollis, another feminist pioneer of the early farmers’ and co-operative movements.
Territorial Grain Growers Guide to establish and popularize the farmers’ voice and agenda (Knutilla, 1994). As the American pool organizer and advocate Aaron Sapiro toured the West to preach the pool gospel, he found throngs of already informed and well-primed Guide subscribers in his audience. The Guide was a key element in the TGGA repertoire, supporting on-the-ground activism and organizing a persuasive, consistent, and insistent agrarian voice. The Guide railed against the vested interests and campaigned for farmer control (Brown, 1973). It played a crucial role in forging a shared definition of farmers’ problems, in facilitating and leading dialogue, and in building a sense of collective identity and community around farmers’ shared interests and purpose. It helped animate the continuing conversation that defined an agrarian public and structured an agrarian public sphere, as surely as the TGGA created a formal association to represent farmers’ interests. As the SGGA became the new province’s “farmers’ parliament,” the Guide emerged as their movement bible.

But the Guide was more than a propaganda organ designed to indoctrinate farmers with TGGA dogma. Subsidized by the Grain Growers Grain Company, with board representation from the GGGC, the Guide helped “weld the individualistic prairie farmers into an effective unit which thought and acted with uniformity” (Sharp, 1997, p. 27), while offering an early forum for alternative journalism to partisan press, such as the Conservative Regina Leader. It gave farmers the interpretive means to resist symbolic domination, including widespread industry efforts to discredit or undermine co-operative efforts. It promoted women’s suffrage and a frontier feminism that emphasized the vital role of women’s work on the farm and in economic and social organizations. The Guide hired journalists like Nellie McClung, Violet McNaughton (MacPherson, 2007), and Annie Hollis (Holtslander, 1998).

Indicative of the power of the agrarian press was the battle between Davin’s Leader and the insurgent movement for the Saskatchewan Wheat Pool. It commenced with the hasty launch of The Progressive to agitate for the Pool on August 27, 1923. A rising crescendo of front-page attacks on pooling and the credibility of its leading advocate, American lawyer Aaron Sapiro, hit the boiling point in February 1924. Two years of court action
followed. Finally, *The Leader* was forced to settle out of court, retracting its stories, and printing an apology (G. Fairbairn, 1984).\textsuperscript{63} Ironically, the *Leader* may have been an even more indispensable asset for the pooling campaign than the newspaper organized to advance it. “Those (*Leader*) stories gave Sapiro and the struggling pool organization a heaven-sent target on which to focus farmers’ wrath” (p. 36). As Brown (1973) notes, one of the side-effects of this battle was an abiding “hatred for the press by the farm community which helped to undermine its influence” (p. 76). One index for this enduring hostility was the Pool delegates’ banning reporters from its meetings, a tradition that lasted for over fifty years (G. Fairbairn, 1984).

As the balance of power shifted within the agrarian movement in the twenties, the role and significance of the *Guide* diminished. The radical insurgency mounted under the banner of *The Progressive* (later the *Western Producer*) to establish the Saskatchewan Wheat Pool supplanted the increasingly conservative TGGA with the robust radicalism of the Farmers Union of Canada. The *Guide* lapsed into a mere “journal of an institution” in the twenties, and was increasingly marginalized, forced to pursue an increasingly advertising-driven path to survive. Under pressure from the rapidly growing *Western Producer*, now the leading reform journal, the *Guide* sank further into a business agriculture focus, serving a more liberal, affluent, and individualist segment of farmers. This commercial niche strategy was fully realized as its new rural family magazine format was baptised *The Country Guide* in 1928 (MacPherson, 2007).

Nonetheless, the *Guide* had helped forge a democratic public out of the sparse farm population of the Prairie West. It knit them together into conversation and community despite the isolation enforced by climate and geography. An adult education vehicle, the *Guide* spurred on the development of a vibrant intellectual life and settler culture, and an agrarian press tradition. As Lipset (1959) notes, the average farmer he visited in the

\textsuperscript{63} The motivations behind Davin’s attack were commercial as well as ideological. As Brown (1973) notes, the Leader Publishing Company had a virtual monopoly of all the printing, book-binding, and office supplies used by the Saskatchewan Co-operative Elevator Company which would undoubtedly go out of business when the Pool was organized.
forties subscribed to three or four farm weeklies. He claimed the province had “a larger proportion of lay social scientists than any other area (he) visited” and that farmers were exceedingly well-read (pp. xv-xvi). The agrarian press also established a greater capacity for rational autonomy for farmers, otherwise dominated by the colonial, partisan, and commercial press. It was, in short, part of the cultural democratization of the Prairies that made the economic and political democratizations which followed meaningful, attractive, and therefore possible. These were all part of the reason that a movement publication was such a high priority, so early, for the TGGA and why the GGGC was willing to sponsor the Guide financially. The central role of The Progressive in the effort to launch the Saskatchewan Wheat Pool, and the role of the Western Producer in sustaining member loyalty, explained the Pool’s considerable expenditure on The Western Producer.

Importantly, the agrarian press also accelerated the diffusion of the radical ideas in circulation in the Old Country in the early twentieth century. Unlike the earlier settlement of the American frontier, Lipset points out that “Saskatchewan was settled in part by working class immigrants during a period of rising trade unionism, a growing world socialist movement, and an active co-operative movement in England, Germany, and Scandinavia” (Lipset, 1959, p. 25). Against the American pragmatist tradition, the agrarian press provided these Old Country immigrants with a life-line to the radical traditions emerging in Europe at the time. The Guide profiled new forms of co-operative development, providing an innovation diffusion channel for buying clubs, stores, and silo construction co-operatives (MacPherson, 2007). But farmers’ newspapers also provided a window into British labour movement politics, strengthening that influence in Prairie movement debates. The later emergence of consumer co-operation and the CCF each owes a clear debt to the agrarian press. The Guide popularized Fabian perspectives and fostered a culture of citizen participation and social innovation.

The Guide was also a “gate-way publication.” It didn’t simply help integrate its thirty thousand readers in 1908 into the agrarian movement by raising their sense of common interest, purpose, and class consciousness. It also connected them to the larger world of thought and action, including other periodicals and books. It introduced many to the
muckrakers of U.S. magazines like *McClure's Magazine* and *Collier's Weekly*, all of which further helped fuel grassroots distrust of political corruption and economic exploitation (Sharp, 1997). Similarly, the agrarian press cultivated demand for the progressive nationalism of the *Canadian Forum* founded in 1920 and for the Canadian Radio League’s struggle to launch public broadcasting in the early thirties.

In McAdam’s term, the agrarian press was a key pivot in the “cognitive liberation” of the farm community. Similarly, the TGGA (and later the Farmers’ Union of Canada) played a vanguard role in the emerging farmer-led social bloc on the Prairies. Their role might be compared to that of the National Association for the Advancement of Coloured People (NAACP) within the American civil rights movement which would emerge in 1955 in the U.S. The connection of this early insurgent movement of agrarian settlers to the church network was also more than rhetorical. While the *Guide* played a large role and the church presence was relatively weak on the frontier, churches provided important venues for meetings, and announcements of meetings, in both cases. Clerics provided meaningful moral and practical support in reaching out to, and cultivating, the interest and support of their parishioners. In fact, the Prairie social gospel movement reflected the overlap of an engaged frontier clergy, the agrarian movement, and the emerging co-operative movement. The social gospel lent important moral legitimacy and social cohesion to the movement (Smillie, 1991).

Together, these elements, along with the early progressive populist and socialist parties that served as the farmers’ intellectual and political advance guard, constituted an extended social movement family. Information traveled across these networks, memberships overlapped, and resources were shared during key mobilizations. Following Gramsci, one might say that this inter-connected web of relationships was an emergent social bloc. Meeting minimal resistance from weak institutions of establishment authority and a virtual blank slate of local tradition, farmer-led innovation prevailed.

Given the strategic primacy of wheat production, the priority of rapid, orderly settlement to the National Policy, and the popular momentum of the farmers’ movement, local elites
recognized early that it would be necessary to accommodate and co-opt the farm movement. Indeed, from the very inception of the Province of Saskatchewan in 1905, state support for co-operative development recognized the importance of the model to the needs of the populous and increasingly powerful farmers. SGGA leaders were enticed to sit in Walter Scott’s first Provincial Cabinet (Argue, 1992). Farmers were the *force motrice* of this underdeveloped new province, and the key to its stability and prosperity. In 1913 a provincial Co-operative Organization Branch was formed (Fairbairn, 1989) in the Department of Agriculture.\(^64\)

### 6.3 The second wave: Farmer-producers, Depression, and the challenge to diversify in the 1930s

The grain elevators still standing across the Prairie West are monuments to the early farmers in the once-dominant wheat economy. In part, their successes reflected the fact that rural Saskatchewan was a one class society (Lipset, 1959). SGGA meetings were called the “farmers’ parliament” because of its power to influence provincial government. (Waier, 2005). Agricultural producers dominated Saskatchewan’s emerging political economy, and pooling was their project. But co-operation, more generally, would also emerge under their wing. In this sense, co-operation in Saskatchewan was itself a dependent movement. The farmers’ movement was its principal patron, and farm leaders like E.A. Partridge (Knutilla, 1994) its agents.

The rapprochement between the Saskatchewan Wheat Pool and the emerging consumer movement in the thirties was an important broadening of agrarian co-operation. With the

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\(^64\) The Co-operative Associations Act of 1914 went out of its way to restrict the co-operative franchise to farmers alone. Argue (1992) cites the following statement from the Department of Agriculture’s 1914 Annual Report: “The Co-operative Act is not to provide a means whereby public trading concerns may be cheaply launched, but is rather to enable groups of farmers, who wish to co-operate in producing, purchasing or marketing, to do so in a businesslike way at a small expense. Trading bodies who wish to deal with the general public should incorporate under the Companies Act” (p. 11). This language appears to reflect an historic compromise. On the one hand, it suggests an effort to appease farmers. On the other hand, it suggests an effort to contain the growth of consumer and worker co-operative sectors which might further encroach on private enterprise. This tact may indeed have deterred, diverted, and delayed urban diversification of the co-operative movement, as incorporation-bound proponents encountered resistance from the Act’s official gatekeepers. But it did not restrain rural diversification.
consolidation of the province’s consumer co-operatives under the Saskatchewan Co-operative Wholesale Society in 1929, collaboration finally replaced competition between retail co-operatives and the Trading Department of the SGGA (in the process of becoming the United Farmers of Canada). This three and a half year struggle between the principles of farmer and consumer control was finally resolved. A benchmark in the struggle for the diversification of the co-operative movement, and co-operation among co-operatives, the partnership involved the support of the provincial government and, of course, the province’s leading established co-operative, the Saskatchewan Wheat Pool.

By 1932, the Pool and the co-operative wholesale in Saskatchewan were working closely together in a contractual partnership. Pool fieldmen carried out general co-operative education and helped organize many new co-operatives, with the wholesale contributing to the field-staff budget… The help of the Pools, as well as of other farm organizations and co-operatives, meant that in many communities the development of consumer co-operatives ‘piggy-backed’ on established rural organizations. (Fairbairn, 1989, p. 63)

The increased proximity and frequency of contact between consumer co-operators and wheat-poolers generated new trust, goodwill, and a new willingness to take joint-risks. From joint-purchasing emerged increasing mutual respect and a new willingness to give unto the consumer co-operative movement what increasingly appeared to be its purview.

Ironically, it was the Great Depression that spurred on some of the most bold and creative efforts to find the deeper economies and synergies within the co-operative movement. The retail co-operative movement expanded decisively through the thirties and forties,

65 Continuing competitive pressures from the United Grain Growers wheat pools ultimately led to their forced resignation from the Co-operative Union of Canada in 1929 (Fairbairn, 1989).

66 “Since 1933 the wholesale and the pools had been co-operating in the purchase of bulk supplies, notably binder twine purchased from British manufacturers and petroleum and coal purchased locally. Building on this relationship was difficult because of vested interests on both sides, but as the wholesale displayed its strength and as the pools refrained from attempting complete domination, a satisfactory relationship emerged. By the late thirties, pool leaders, both provincial and local, were nearly all sympathetic to consumer co-operation, and they recognized the value of having the wholesale supply most farm-supply items” (MacPherson, 1979, p. 154).
with the support of Saskatchewan Wheat Pool agents. It was also in the depths of the Great Depression that the first co-operative oil refinery in the world was established and that the campaign for a farm implements co-operative was launched (MacPherson, 1987). With government aid, the credit union movement would also finally take off. It was buoyed by the spectacular achievements of producer and consumer co-operation and made necessary by the credit crunch of the Great Depression (Fairbairn, 2005). This broadening out, starting with the reorientation of the Pool, was key to the regeneration of the movement, battered by drought and Depression. The Pool fieldmen played a key role in the mobilizing network for renewal (MacPherson, 2007). Fairbairn (2005) argues “the Pool staff of the 1930 - 40s was likely the most important group of community economic developers the province has ever seen” (p. 22).

In the twenties, the role of SWP fieldmen was largely a matter of signing and enforcing contracts. After the introduction of the Canadian Wheat Board, their main role disappeared. This group of up to eighteen staff and a supervisor or two used the opportunity to re-invent themselves. In the thirties, the needs of their members were many and urgent so the SWP fieldmen transformed themselves into what we now call “community organizers.” In addition to helping organize the next wave of producer co-operatives, consumer co-operatives, and credit unions, they fanned out across the province as agents of social change and cultural development. As Gary Fairbairn argues, “it was impossible to define their function precisely, so no one really tried—the unspoken obligation was to be everywhere and help with everything” (1984, p. 120).

It was the fieldman’s responsibility to build up the system of member representation into an effective policy-making and member-control organization. From this base the Wheat Pool extended leadership to the development of other co-operative enterprises. The field staff and local committee of the Pool took the initiative in the formation of local consumer co-operatives at the same time that the Pool itself was struggling for survival following the collapse of the voluntary Pool in 1929. The records of these years indicate that the Pool’s effort on behalf of the Saskatchewan Co-operative Wholesale Society provided a substantial basis for its rapid expansion in the late 1930s. Similar contributions can be documented in the development of the Livestock Dairy and Poultry Pools, and, at a later time, the Credit Unions and
Along with the movement newspaper, launched as *The Progressive* in August, 1923 to support the Pool’s initial sign-up campaign (and re-named the *Western Producer* in September, 1924), a library-by-mail service launched in 1930, a rotating books service managed through the network of local elevator agents, and radio broadcasts in 1934, the fieldmen took their place as organic intellectuals within a broader process of knowledge-mobilization, and democratic community capacity-building\(^{67}\) (G. Fairbairn, 1984). They helped build a common vocabulary and analysis, a shared ethic of joint-action, and a sense of social solidarity. This practice of gathering neighbours and building trust, goodwill, and communication channels largely built the legendary base of the Co-operative Commonwealth Federation that would come to power in the mid-forties.

In 1933-34, the new bridging role of the fieldmen also made possible an important innovation. The “affiliate plan” emerged from the new partnership forged between the Pool and the Saskatchewan Co-operative Wholesale Society. The scheme used local Wheat Pool organization as a delivery node for bulk commodities like binder twine, coal, and fuel purchased through the SCWS. The wholesale paid for facilities and managed the affiliate while a Pool fieldman often did the organizing and a Pool elevator agent served as secretary. The wholesale thus built up volume and accumulated surplus. The Pool earned revenues and strengthened member loyalty through the difficult years of the Depression. Many of these bulk commodity affiliates eventually matured into general...
stores. In fact, by 1945, 53 affiliate locals operated general stores. With over 300 co-operative associations affiliated to the Saskatchewan wholesale, this was a very significant advance for consumer co-operation (Fairbairn, 1989). The debt owed to the fieldmen of the SWP is incalculable but there is one striking empirical indicator of their contribution. In one five month campaign, the team fanned out across the province and enlisted Pool delegates and local committees to set up 419 affiliate co-operatives (Fairbairn, G., 1984).

The SWP fieldworkers drove adult education and co-operative and community development through the Depression years. In part, their achievements reflected their role in this period “as guardians of the Pool’s democratic structures and communication channels.” Agents of community animation and movement regeneration, the fieldmen sowed the seeds of redoubled social action through a program of ceaseless agitation, facilitation, and support for local initiatives. In the 1937 – 38 fiscal year, the team of sixteen fieldmen attended 372 Pool conventions, 1788 general meetings, and 747 Pool committee meetings (Fairbairn, G., 1984). Much of the education, organization, and CED work of the co-operative movement in these years was led by Pool fieldmen. In 1938 SWP delegates adopted a formal policy to encourage all forms of co-operative development, unleashing their field-men to organize hundreds of co-operative stores and credit unions (MacPherson, 1987). The moral resolve of this crusade reverberated through the movement right through the fifties.

The retail co-operatives and credit unions that sprang up in this period were often open to non-farmers, and therefore more communitarian in their character than the exclusively producer-controlled co-operatives, such as the pools. Still, the agrarian imprint remained. The organization of these consumer retails relied on a crucial resource-sharing agreement

68 “Its fieldmen (were) a force of enthusiastic and well-equipped men to devote to the co-operative cause; equipped with cars, motion picture projectors, portable screens, films and an assortment of literature, the fieldmen became essentially co-operative organizers in the late thirties… While it is difficult to estimate the impact of these activities, they undoubtedly did help the movement consolidate its position and develop new initiatives. The growth is suggested by government statistics: by 1937, there were 301 trading organizations, 130 community hall societies, 14 combination trading and community halls, 20 community pasture associations and one reservoir project” (MacPherson, 1979, p. 153).
with the province’s leading agrarian producer co-operative and the support of Pool fieldmen. The financial viability of these consumer co-ops was often based on the bulk commodity needs of the farming membership. Consumer co-operative boards were dominated by farmers due to their numbers and experience in co-operative leadership. Even through the development of this semi-autonomous consumer co-operative sector, the province’s co-operative field still remained driven and defined by farmers. Indeed, the articulation of consumer co-operation to the farmers’ social project helped to further consolidate farmer position. Non-farmers benefited from participation in co-operative retailing and credit, but were beholden to SWP fieldmen and farmers on their boards. Indeed, mutualist institutions played a vital role in fusing the interests and ideology of farmers and non-farmers. By the same token, farmers built a broader affinity with their non-agrarian neighbours, assuming leadership responsibilities for a larger community.

| Table 6.1 Participation opportunities in local governance, 1944-5 vs. 2006 |
|-----------------------------|-----------------------------|
|                            | **1944-45** | **2006** |
| Telephone companies       | 1,127        | 1           |
| School districts          | 5,184        | 27          |
| Hospital boards           | 79           | 13          |
| **Total**                 | **6,390**    | **41**      |


As farmers got involved in cross-class organizations like consumer co-operatives, credit unions, school boards, town councils, and hospital boards, they brought their skills, experience, and maturing socialist perspectives with them. Indeed, Lipset (1959) suggests it was the scope for participation in public life in this sparsely populated province that accounts for the rise of agrarian socialism. As Courtney (2007) has argued, the extent of local involvements in the decentralist structures of this era created an exponentially greater degree of civic participation than we experience today. As Table 6.1 illustrates, the index of telephone companies, school districts, and hospital boards alone provides an
image of a vastly more engaged citizenry. With a ratio of 155 boards to one overall, and each of these boards providing for a number of directors’ seats, it is clear that democratic life and community service was exponentially more integral to the Prairie lifestyle and ethos in the forties. Co-operatives were a driving force in the public-minded spirit of the age.

The communitarian impulse unleashed in this period also involved the maturing sophistication of what George Keen described as “associative intelligence” (MacPherson, 1979, p. 28). Although largely sponsored by a responsible and caring agrarian parent, the emerging three-sector co-operative movement (pooling, consumer co-operation, and credit unionism) would be inspired by the restless re-invention of the era’s co-operative innovations. Personifying this broad-based knowledge of movement networks and potential was co-operative renegade, Harry Fowler (Phalen, 1977). By 1939, the founder of the co-operative oil refinery in Regina was the chairman of the Saskatchewan Co-operative Trading Association. In his group’s successful submission to a government committee, they drew together the experience of the dairy co-operatives and American farm implement co-operatives with the potential of the emerging credit union system, the wholesale, and the state to meet the need for affordable farm machinery:

Fowler outlined the potential for a co-operative organization that could sell new equipment and service old machinery. To help farmers finance their equipment costs, Fowler recommended extensive use of the province’s rapidly growing credit union system. Aware of the problems that had beset the co-operative dairy industry in Saskatchewan, Fowler emphasized the need for grassroots support rather than a top-down, government-initiated “co-operative plan.” He did advocate, however, that government become involved by providing expanded education and supervisory services through the Co-operation and Marketing Branch and by making available a small amount of seed capital. McCaig followed Fowler’s presentation and described how American co-operatives were becoming involved in the farm machinery business, and McKay described the work of the Wholesale, suggesting that its method of local ownership might provide a model for the organization of a new farm machinery co-operative. (MacPherson, 1987, p. 3)
In microcosm, this presentation exemplified the accrued learning of second wave movement experience. It revealed a determined and innovative spirit, forged by both hardship and accomplishment. It demonstrated the role of sequential and reciprocal innovations in the forward march of the movement’s creative problem-solving and entrepreneurship.

When credit unionism finally emerged in Saskatchewan in 1937, it took off rapidly. This third force in prairie co-operation further diversified and drove the popular cultural expansion, and regeneration, of the wider movement. By 1939, 32 credit union branches with 3,000 members were open for business (MacPherson, 1979). Only one year later, there were 52 branches with 4,481 members. In 1950, the movement had swelled to 245 branches, with 48,183 members. In 1960, there were 278 branches with 88,288 members (Fairbairn, 2005). By 2009, 313 credit union outlets claimed 515,680 members (Credit Unions of Saskatchewan, 2010).

Significantly, the diffusion of the caisse populaire concept, pioneered in Québec from 1900, had been delayed by the isolation of Fransaskois communities. La Caisse Populaire d’Albertville opened in 1916 (Credit Unions of Saskatchewan, 2010), a full twenty years before enabling legislation was finally passed in Saskatchewan. Ironically, this impasse was only overcome as efforts in the (English-speaking) Maritime region came to light in the (English-language) agrarian press and through speaking tours by the CUC’s George Keen and visits by Moses Coady in 1936 and 1938. Father James Boyle of the Antigonish movement even assisted with credit union development in Saskatchewan (MacPherson, 1979). The delay in transferring this innovation was clearly due to linguistic and cultural drag, but ethno-linguistic segregation was doubtless compounded by the organized efforts of the Orange Lodge, the Ku Klux Klan, and the provincial Conservatives—all of which deepened a nascent anti-Catholic xenophobia (Sher, 1983). Diffusion took a circuitous path, postponing the broad-based development
of credit unionism in Saskatchewan. It took the desperation of the “dirty thirties” to finally forge the breakthrough.

Ironically, the degeneration that often befalls established movements was also arrested by the hardships of the Depression. It broke down institutional isolation and drove grassroots revitalization (MacPherson, 1979). Indeed, this period of crisis stirred an intellectual and cultural ferment. The agrarian press once again played a key role. The *Western Producer*, heir to the *Saskatchewan Grain Growers’ Guide* and a “powerful voice for co-operative action on the Prairies” (MacPherson, 1979, p. 181), reached 105,000 subscribers by 1939. The agrarian movement, with the Wheat Pool at its back, demonstrated remarkable grassroots ingenuity and resilience. However, the shifting urban media landscape had not proved so favourable for Prairie co-operation. In 1929, Regina and Saskatoon both became one-paper towns when Clifford Sifton amalgamated *The Leader* and *The Post* in Regina and *The Star* and *The Phoenix* in Saskatoon (Gruending, 1980). Gone were the days when Saskatoon’s *Star* Publisher W. F. Herman supported the Progressive political movement. Like Davin, Sifton was politically motivated. Unlike Davin, he was a Liberal. A Member of Parliament when he purchased the *Winnipeg Free Press*, he supervised immigration to the Prairies under Prime Minister Alexander MacKenzie (G, Fairbairn, 1984).

While the *Western Producer* reached across rural Saskatchewan, its penetration was comparatively weak in Saskatchewan’s two major centres. Under the direction of Sir Clifford, daily print media in Saskatchewan’s two major cities was monopolized by the ideological equivalent of a colonial governor. He was both geographically and ideologically remote from Saskatchewan’s unique economic and political traditions:

69 Although about forty Francophone *caisses populaires* were founded in Saskatchewan in the forties, only four were left by 1980—victims of assimilation into an English-speaking culture (NTFCD, 1985). Similarly, the province’s first credit union was started by the Jewish Colonization Company in 1910, a case that further illustrates the drag which ethnic segregation has represented for the diffusion of co-operative innovations (Credit Unions of Saskatchewan, 2010).
Editorially, the (Star-Phoenix) has not been a sturdy opponent of progressive thought and organization, so much as the befuddled defender of a concept of rugged individualism imposed by its absentee owners, the Siftons of Ontario. They never have understood that the most significant forces in Saskatchewan’s development have been co-operative and collective. (Gruending, 1980, p. 140)

The early disinterest of the new commercial owners in co-operative traditions may have seemed innocuous to urban co-operators. To the rural-based co-operative movement, it perhaps seemed irrelevant. Indeed, with the historic connection of the provincial Liberal party to the SGGA, some may have viewed this as a progressive turn. Certainly, set against the backdrop of the vicious newspaper war between Davin’s Leader and The Progressive over the launch of the Pool, the arrival of the Siftons may have come as a relief. Davin’s Leader Publishing Company had owned all four of the province’s morning dailies, cornering 80 percent of the province’s daily circulation (Brown, 1973).

While consumer co-operative and credit union organizers continued to move against bankers and retailers, and Harry Fowler pushed through the launch of the Co-operative Consumer in June 1940 to fill the breach (Phalen, 1977), the monopoly capitalist press posed a creeping threat to their project. The Grain Growers Guide and the Western Producer had helped pave the way for agrarian co-operativism, and the Co-operative Consumer became the largest circulation newspaper in the West (Phalen, 1977). However, the rise of the monopoly press and its steady encroachment over a wider trading area would create an historical undertow. The cultivation of consumer culture and economic liberalism would gradually help frustrate and defeat the democratic culture of left-populism in a rapidly urbanizing Saskatchewan.

Most importantly, what the resurgent co-operation of the second wave in the Great Depression could not reverse, however, was the long-range trend toward larger farms and

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70 Indeed, as Fairbairn (2005) argues, Sifton viewed co-operation as a constructive alternative to socialism. He attempted to articulate its accomplishments to the individualist ethos of Confederation capitalism by praising the pools “as a high and notable example of individual energy and capacity” (p. 17). Unlike the vitriol he reserved for socialism, he courted and sought to co-opt co-operative currents within the discourse of settlement boosterism.
the urbanization of Saskatchewan society. As we will see, the very strength of co-operation in the farmers’ movement would also prove to be the source of its later weakness. With the decline of the family farm and the depopulation of rural Saskatchewan, the agrarian social base of the co-operative movement would continue to erode. Although the Depression-era diversification into retail and credit co-operation eased the movement’s absolute dependency on producer co-operatives, all Saskatchewan businesses ultimately rose or fell on the strengths of the wheat economy. It may well be that the crisis of the Depression forestalled this date with decline. By buying time for the movement to broaden out and forcing cross-sectoral collaborations, the agitations of the Great Depression secured new foundations for future growth and stability. Waging a three-front war that included credit unions and consumer co-operatives as well as the agricultural producers’ co-operatives, the co-operative movement could look forward to a future that extended beyond the horizons of the one crop economy of the past.

6.4 The third wave: Recovery, socialism, and movement expansion, 1940 - 1960

While the Depression represented a crisis of authority for capitalism, it also demonstrated the resilience and rootedness of Prairie co-operation. The return to prosperity thus set the stage for further growth of the co-operative movement and the maturing project of agrarian socialism. With the revival of economic growth, the Saskatchewan co-operative movement was well positioned to expand. Indeed, it had improved its position as private sector competitors failed and withdrew from the market (MacPherson, 1979). An important forties innovation, building on the affiliate plan initiative of the thirties, was SCWS’s “associated stores” plan, whereby the co-operative wholesale supplied private store owners, buying them out on retirement and converting their stores to co-operatives (Fairbairn, 2005). In 1939, the SCWS took its first step into manufacturing when it bought a flour mill in Outlook, Saskatchewan. In 1940 it banded together with the Manitoba and Alberta wholesales to form Inter-provincial Co-operatives Limited (MacPherson, 1979). By 1944, the Consumers Co-operative Refineries Limited merged with the SCWS to form SFCL. The first co-operative oil refinery in the world, CCRL had been launched in the depths of the Depression by renegade Regina co-operative organizer Harry Fowler in “one of the most important events in the history of co-operative retailing
in the West” (Fairbairn, 1989, p. 109), multiplying sales volumes for unprecedented economies of scope and scale, and nearly tripling sales from $6.7 million in 1945 to $17 million in 1950. Ironically, the refinery launch in 1934 had received no support from established central co-operative organizations, including the SCWS. They expected it to fail. Yet, the future growth of the Western Canadian co-operative retailing powerhouse, which posted $4.2 billion in sales in 2005 (Fairbairn, 2005), was ultimately driven by the cash flow generated by Fowler’s risky gambit in the depths of the Depression.

Another landmark development in the post-Depression expansion was the incorporation of Co-operative Life Insurance on March 12, 1945. Sponsored by the Pool and other farm co-operatives, SWP fieldmen were briefed and fanned out across the province. They took no commissions in the first few months to establish the new venture. By April 1947, over $6 million in policies had been written; by its fiftieth anniversary, Co-operators had sold over $3 billion in policies. Today it holds a central position in a dense, nation-wide network of insurance and financial co-operatives (Co-operators, 2010).

The first socialist government in North America took power in Saskatchewan in 1944. The Co-operative Commonwealth Federation (CCF) both sprang from, and further raised the profile of, the co-operative movement. The country’s first full-fledged Ministry of Co-operatives, the Department of Co-operation and Co-operative Development (DCCD), was established to scale up sector and state development efforts. Premier T.C. Douglas assumed personal responsibility for the DCCD’s direction in his administration’s second term. The socialist state would provide active but uneven support to co-operatives.

The rise of the CCF through the Depression years was the work of the same grassroots agrarian mobilizing network that gave rise to the pools and co-operative movement in

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71 As Lipset (1959) notes, 73.6 percent of all rural delegates to the 1946 CCF convention also held posts in the co-operative movement. He concluded from the fact “that 58.9 percent of those delegates more than 45 years of age in 1945 held posts in co-operatives before the CCF was organized, it is clear that the CCF did not win control of the co-operative movement from the outside but rather that the existing co-operative leaders organized the CCF” (p. 180). Lipset also reports that “75 percent of the members of the Wheat Pool and other co-operatives voted CCF in 1944, though only 58 percent of the total farming population did so” (p. 198).
Saskatchewan (Lipset, 1959). In finding the way forward to “broaden out” beyond a farmer-based co-operative movement, Depression era co-operators were also solving the intractable problem that had stymied the growth of farmers’ parties, like the Society of Equity. It split over co-operation with organized labour after World War I; the Progressives were similarly never able to resolve the question (Sharp, 1997). The SWP’s moves to build an alliance with the consumer co-operative movement and to mandate its fieldmen to assist with the development of sister co-operatives all led to a wider social solidarity. Pool policies testified to the emerging hegemony of socialist values within the movement. Overlapping membership with the CCF ensured that, unlike Equity and the Progressives, farmers would now reach out to natural working class allies. Lessons from a decade of grassroots campaigning and “broadening out” by the Pool were transferred to the political arena. This emphasis on an integrated movement culture was shared by early CCF leaders who felt the party was only as strong as its movement base. As Douglas declared, “This is more than a political movement. It is a people’s movement, a movement of men and women who have dedicated their lives to making the brotherhood of man a living reality” (cited in Johnson, 2004, p. 27). The CCF, of course, appropriated the term “co-operative” for its own name, reflecting a pragmatic desire to avoid the provocative label “socialist.” But it also testified to the popularity of co-operatives in Saskatchewan. In its Regina Manifesto (CCF, 1933), the party endorsed producer and consumer co-operation (the credit union movement took off in 1937). It recruited extensively from the movement’s ranks. There were 30 farmers on the CCF’s 1944 election ticket, Lauchlin McIntosh—a Wheat Pool fieldman—would be the Province’s first minister responsible for the DCCD (Johnson, 2004).

Not everyone was thrilled by the rise of the CCF. The Liberal Sifton papers launched a hysterical red-baiting campaign against the party. Decades of grassroots education and

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Lipset (1959) cites one of his informants at length: “It’s really all one movement that we have here. We are building socialism through the Wheat Pool, through our co-op store, through our UFC local, as well as through the CCF. They are all part of one movement, the ‘people’s movement.’ Sometimes one organization or fight is more important than the other, but we need them all. The fact that our poll committee doesn’t meet except before conventions doesn’t mean the CCFers don’t care about the party. We feel that we are building the CCF when we build our co-op store, and we are building co-operation and destroying the profit system when we build the CCF” (p. 208).
organizing by the agrarian movement, the agrarian press, and the CCF partially inoculated the public. Nonetheless, the Leader-Post’s cartoon characterization of the CCF’s designs as a “road to strife and devastation” and a “stultifying dictatorial system” (Shackleton, 1975, p. 124) placed the party on the defensive. The Sifton monopoly now also extended to radio, sowing seeds of daily doubt with the electorate in print and on the airwaves. It thus represented a formidable check against the CCF’s democratic mandate—with significant implications for co-operative development policy.

While the CCF governed without interruption for nearly two decades, business rule and media influence gradually enhanced the role of investors in the political economy and culture of the province. The rural majority dwindled. The fragile residual hegemony of agrarian socialism—including the agrarian co-operative tradition—eroded in the face of the capitalist, consumer culture and the expanding reach of the public relations industry. Indeed, it was precisely this power over public opinion that defeated the CCF federally in 1945. Since the federal party couldn’t build on the same ideological and cultural fortifications established by the agrarian movement, including its press, over the decades in Saskatchewan, a concerted business lobby campaign was able to successfully contain the emerging political force to Saskatchewan.73

Back in Saskatchewan, the new CCF government settled into power. Despite facing determined adversaries, including a hostile press both within the province and outside, it rolled out a series of new co-operative development initiatives. On July 10, 1944, members of the Douglas Cabinet were sworn in. In September, they met with co-operative representatives to discuss support for Canadian Co-operative Implements Limited (Johnson, 2004). From less than .1 percent of total government expenditure in 1945, the DCCD budget climbed through the first and into the second term, its share of total provincial budget quintupled in only five years (Argue, 1992).

73 “It was a disastrous election for the CCF; it could hardly have been otherwise. On top of all the political shifts that threatened it, a scurrilous advertising campaign was subscribed to by hundreds of business firms in 1944. This campaign was run by B.A. Trestrail, with newspaper and radio advertising and a pamphlet, Social Suicide, mailed to households across Canada at a cost of hundreds of thousands of dollars. The object of the campaign was to vilify the CCF and paint a lurid picture of ‘socialism’” (Shackleton, 1975, p. 212).
Despite the CCF’s landslide majority, it would face an entrenched and vocal minority intent on discrediting the regime. Initiatives in co-operative development would not escape their gaze, including the involvement of forty veterans in a co-operative farm experiment. In addition to practical problems with inadequate planning and wet weather, critics assailed the rehabilitation scheme as the first step on the path to Soviet-style collective farms (Johnson, 2004). It was an early sign of the perils of Cold War co-operation.

Stoking the flames of Cold War anti-communism was the trail-blazing work of Watson Thomson’s new Division of Adult Education in the Saskatchewan CCF government. Through a Provincial Study-Action Plan, Thomson proposed to organize a network of study-action groups across the province (Welton, 1986; Chartier, 2009). Like the Antigonish movement in the Maritimes, which was led by Fathers Jimmy Tompkins and Moses Coady from the Extension Department of St. Francis Xavier University (SFXU), the Saskatchewan initiative was based on the study club model of co-operative organization used widely in Denmark and Sweden. By 1938, SFXU was sponsoring over 1100 study groups with a membership of 10,000. A spin-off of the Nova Scotia model also took root in Prince Edward Island. By the late thirties, the adult education division of St. Dunstan’s University had helped organize 330 study clubs and 24 credit unions. Study groups also sprang up in Ontario and B.C. (MacPherson, 1979). The potential of these adult education methods for co-operative development was exciting. It struck a particularly resonant “Old Country” chord with the province’s Scandinavian population of almost eight percent (Lipset, 1959). The initiative promised to broaden out the British-led movement by adopting new methods and tackling new problems. Like the legendary Pool fieldmen, Thomson’s unit would help local groups organize projects like credit unions, community centres, or co-operative farms. “Aware that the trend in agriculture was towards increasingly mechanized, capital-intensive, large-scale units, Thomson urged farmers to bring their isolated farms together into single co-operative communities” (Welton, 1986, pp. 116 - 117).
By April 1945, as a group in Sturgis formed the province’s first co-operative farm, the unit had identified interest in co-operative farming in the Landis-Biggar area. In June, 175 citizens, experts, and officials participated in a weekend conference, with a study-action group to follow up on the concept over the winter (Welton, 1986). Among the four core staff of the Division was Hugh Harvey, an extension specialist seconded from the new DCCD, who presented at the Landis conference. The acting deputy minister of the DCCD told the group that about 25 farm groups were interested in some form of co-operative organization and 5 were in the process of incorporating. Among the other citizens’ conferences convened around the province that month were sessions on health services in Kamsack, Saltcoats, Canora, and Sturgis and a co-operative farming conference held in Outlook (Welton, 1986). Momentum was building.

But gathering hopes for grassroots resurgence would be frustrated. On the one hand, Cold War hysteria was on the rise: on the right, in the business community, and in the press. Unlike the Antigonish movement, which had the sanction and protection of the church and the university, Thomson’s Division was exposed and vulnerable. Vocal critics framed it a propaganda arm of the socialist government. The Sifton papers remained consistently hostile (Gruending, 1980). On Feb. 24, 1945, the Financial Post compared the CCF “propaganda plan” to fascism and Soviet Russia (Welton, 1986, p. 120). By the end of 1945, the Gouzenko spy trials were capturing headlines and leftists nation-wide felt the full force of Canada’s Cold War (Whitaker & Marcuse, 1994). On the other hand, Thomson had only lukewarm support from an anxious and inexperienced Minister responsible and wider Fabian party establishment. Protective of Canada’s first socialist government, aspiring to electoral gains elsewhere, and puzzled by Thomson’s communitarian approach, CCF federal leader M.J. Coldwell and others feared he sympathized with the communists or the rival Labour Progressive Party (Welton, 1986). In 1934, under Woodsworth, the federal CCF had dissolved the Ontario CCF due to communist infiltration (Morton, 1977) and the party was not eager for further embarrassment. Indeed, the stakes were high across the nation. The CCF had recently formed official opposition in four provinces. It almost won Ontario in 1943. With the British Labour Party winning its first majority government in 1945 and CCF membership
increasing five-fold from 1939-45 (Brown, Roberts, & Warnock, 1999), pressure to rein in Thomson was strong. On Dec, 15, 1945, Thomson resigned, the experiment wound down, and the Cold War triumphed. A hundred community-based projects, including the Landis co-operative farm, were stranded (Welton, 1986).

Thomson’s study-action groups had been built on the tradition of Pool fieldmen and the achievements of the Antigonish movement, with clear promise for co-operative development. Their demise came as a crushing blow to many movement activists. Lewis Lloyd, brother of Thomson’s boss, Minister of Education (and future Premier) Woodrow Lloyd, refused to speak to his brother for years (Welton, 1986; Lloyd, 1979). Lewis was a Vice-Chairman of the Co-operative Union board and Vice-President of Federated Cooperatives (Lloyd, 1979). This sustained silence between brothers typified the chill which set in between the left-populist co-operative activists on one hand and the CCF on the other.

The Thomson debacle also illustrates the increasingly uneasy alliance between the co-operative movement and the Douglas CCF. Many members of the CCF and the co-operative movement were part of the same “people’s movement” before the 1944 election. However, state power brought with it the need to assuage voter anxieties across the country. The Douglas administration’s need to prove to the nation that CCF-ers were prudent and pragmatic moderates constrained movement-party co-operation. The marriage between the culture of left populism and a culturally conservative national party establishment, and professional civil servants, was not dissolved by this imbroglio. But the seeds of estrangement had been sown: “With Thomson’s dismissal the left popular culture felt betrayed” (Welton, 1986, p. 134).

Ironically, Thomson had seen the need to renew grassroots action “from below” to maintain grassroots support for continuing state reform “from above.” For Fabians preoccupied with federal party-building, parliamentary manoeuvre, and electoral fortunes, this two-front strategy—combining legislative and hard-to-control popular action—could also fatally complicate statecraft and open the party to embarrassment and
defeat. By shutting Thomson down and demobilizing sections of this popular movement base in Saskatchewan, the CCF accelerated precisely the movement degeneration that Thomson strove to forestall. In any event, what is clear is that a rift was widening between the movement and legislative wings of agrarian socialism. This had clear implications for co-operative development. The movement culture emphasized grassroots animation, education, and leadership. The managerial culture of the CCF in power increasingly stressed order, control, and the containment of the young Turks and old Turks within. Movement activists built networks and collaborations from the ground up. CCF technocrats and managers implemented policy and programs through the state’s command-hierarchy, from the top down. Personnel, priorities, and cultural sensibilities were diverging along party-movement lines.

Leier (1996) has argued that the divergence of “party” and “movement” on the Canadian left also reflects an abiding conflict between the class interests of workers and intellectuals. A similar argument might be made in the Saskatchewan case. Saskatchewan workers were doubly marginalized: by the awesome numbers and organization of the farm movement and by the emergence of a class of party intellectuals and state-technocrats. In other words, the primary class contradiction between right-wing business power and a left-wing movement of farmers and their allies was complicated by internal class contradictions and political aspirations. There was a class of party functionaries and state professionals on the one hand and the popular class base upon which their careers depended on the other.74

Much as Leier argues that trade unionists tend to be structured into economic struggles with employers, it is clear that Saskatchewan farmers were similarly structured into economic struggle through the co-operative movement. Popular education and cultural action, such as the efforts of the Pool fieldmen and Thomson’s short-lived experiment,

74 Leier draws on Bakunin’s warning that, unchecked, left-wing statism would result in a new ruling class of intellectuals: “Since running the socialist state would require more knowledge and control than the less intrusive capitalist state, the result would be ‘a new class, a new hierarchy of real and fictitious savants, and the world will be divided into a minority ruling in the name of science, and an immense ignorant majority’” (Leier, 1996, p. 138).
were crucial to empowering these popular classes with knowledge, skills, and organization. Intellectuals, on the other hand, had a class interest in providing, and monopolizing, expert knowledge to expanding movements and the state bureaucracy. While they may not oppose activist strategies of popular empowerment and mobilization, an element of popular dependency on their expertise is crucial to their career interests. Unlike farmers and workers who participated in politics to advance their class interests as farmers and workers, intellectuals sought careers in the movement itself. Career advancement through movement and bureaucratic manoeuvre was their class interest.

The socialist demand for increasing the intervention and jurisdiction of the state can … be seen as a way to give the intellectuals who would staff it the political power that was in the hands of capital and politicians linked to business… They tended to look to the state for hope, and thus tended to be structured into political action rather than economic action. (Leier, 1996, p. 145)

Leier uses the case of Christian clergy and university professors whose career paths were often blocked in periods of economic distress to illustrate. Indeed, the Saskatchewan CCF leadership was filled with teachers like Coldwell and Lloyd and clergy like Douglas. While all of these people were strongly motivated by moral sensibility, ideological conviction, and a degree of altruism, Leier argues that it would be a mistake to completely discount the objective interests and conditions of their advancement. After all, they may have had a world to win but most also had families to feed. The example of federal leader J. S. Woodsworth illustrates the interest the socialist and technocratic intelligentsia had in winning party position and state power as ends in themselves:

Part of the crisis of faith that led to the social gospel was prompted by the over-production of ministers and priests, that is, of an educated elite. As Canada industrialized, it became an urban society, and the number of parishes declined rapidly. Unable to take up their desired profession, these well-educated and visionary young men often had to seek and to justify secular employment. In particular, Woodsworth may be seen as an archetypal member of the Canadian new class of intellectuals. Trained in the seminary—the most accessible form of higher education for middle class Canadians at that time—he could not find a parish. Woodsworth instead used his knowledge to become
first a journalist in the socialist and labour movements and then a politician. His ideology was an accurate and consistent reflection of his class position. Like the intelligentsia Bakunin and Machajski examined, Woodsworth called for the increased development and intervention of the state into all spheres of modern life. He did not call for the working class to control industry or to dismantle the state apparatus; he called for the state to regulate, control and correct abuses. In this way, Woodsworth and other middle class reformers created a political agenda that made the state the employer of choice for a generation of intellectuals. If their work resulted in some reforms of benefit to the working class, the fact remains that their political program was based on priorities, class positions, and class interests very different from those of workers represented by the labour movement. (Leier, 1996, p. 147)

This tension between movement-led popular participation in development and state-led technocratic expertise was expressed in the drift away from co-operatives toward state enterprise as the Fabian policy instrument of choice. It is, perhaps, a truism to suggest that systematic, expertly planned, and tightly controlled government action is preferable to popular but piecemeal local initiatives. However, in the post-war context, CCF officials were both buoyed by the demonstration effect of war-time planning and elected against a provincial Liberal legacy of unsystematic and self-serving patronage politics (Smith, 2005). This context served to reinforce both their Fabian ideological convictions and their material class interests. The plodding pace and unpredictability of co-operative community development did not face a rosy future against the purposeful, aggressive, and determined project of state modernization and central planning that were to become defining features of CCF government.

In power, the CCF moved swiftly. It established the Saskatchewan Transportation Company (1946) to provide province-wide bus service. To bring telephones and electricity to rural Saskatchewan, it launched Saskatchewan Government Telephones (1947) and the Saskatchewan Power Commission (1949). Spearheading this drive was the Economic Advisory and Planning Board, formed in 1945 and led by George Cadbury, a Fabian economist, prominent in British Labour circles. This central agency ensured the
most rational, efficient, and systematic approach to rolling out the government’s agenda of state-driven development (Marchildon, 2005).

By contrast, co-operative development efforts lagged. While the CCF established the Co-operative Guarantee Board in 1947 as a guarantor of last-resort for finance-starved co-operatives (Argue, 1992), this measure underscored the structural weakness of the sector. In November 1947, the co-operative movement declined cabinet’s invitation to participate in oil exploration due to a lack of resources; it was only “very vocal support in annual conventions for resource development by social ownership (that) delayed the government’s decision to look to private capital for oil and mineral developments” (Johnson, 2004, p. 199). In 1953, when cabinet again turned to Federated Co-operatives as its preferred partner in oil-patch development, the private companies and the Canadian Petroleum Association criticized the CCF in the press (Johnson, 2004). These experiences with an under-capitalized sector delayed oil revenues, and a hostile press likely further frustrated the CCF with co-operative involvements. It would later move directly, under Blakeney in the seventies, to establish a crown corporation, Sask-Oil.

Moreover, the clash of organizational cultures meant that, as the senior partner, the state’s terms of partnership dominated. The co-operative movement resisted being colonized by the state’s technocratic emphasis on top-down bureaucratic efficiency and central planning. From the establishment of the 1944 Act Respecting the Department of Co-operation and Co-operative Development to deliver “research capacity” to the sector to Cadbury’s 1946 request that the co-operatives submit a ten year plan for their industrial development to the EAPB to the 1948 divisional reorganization of the Department, the emphasis of Fabian state administration was to prod co-operative leaders into research-based planning that could be better assimilated into the state’s planning apparatus (Argue, 1992). This top-down directive style of “partnership” more closely resembled the managerial posture the central administration might take toward a line department than a posture with which strong-willed, independent Prairie co-operators were likely to feel comfortable.
Aspiring to lead the integration and development of the co-operative movement, CCF planners were frustrated and soon lost interest in co-operatives. As Argue (1992) notes, “the lack of centralized control, coupled with the slow development of autonomous co-operators resulted in co-operatives being discounted as a tool for major economic development... The combination of a fear of state control by co-ops with the view that state-owned and controlled economic forms were more appropriate to socialism resulted in a failure to further integrate the two” (pp. 52 - 53). From the perspective of a statist social democracy, co-operatives lacked expertise, resources, and were averse to working with government. DCCD funding peaked in 1950 at .5 percent of total government budget and comprehensive research was discontinued. By 1964, the budget was only three-fifths of its 1950 share of provincial spending (Argue, 1992).

The wellspring of the CCF, co-operatives were increasingly viewed with suspicion by Fabian officials. Co-operatives appeared, through the technocratic lens, as “primitive” or “transitional” forms of populist innovation on the long march to state power, the apex of rational socialist planning. CCF bureaucrats sensed the socialist state had outgrown its historic dependence on an ideologically ambiguous and unreliable economic “partner.” In a challenging context where there was much to be done and no time for dawdling, it struck out on its own with a decisive state-led program (Argue, 1992). The EAPB played a central role in setting state priorities, gradually diminishing the role of the DCCD. In keeping with Fabian doctrine, it discredited producer co-operatives in particular. Indeed, Argue suggests the Department was primarily a political and symbolic interface between the co-operative and agrarian movements and the government rather than an expression of CCF policy commitment. Douglas’s assumption of the Ministry in 1949, after the Thomson “firing” of Dec. 1945 and a declining plurality at the polls in 1948, may have expressed this political calculation.

6.4.1 Co-operative bust in the North

The major exception to the general state policy preferences for crown enterprise, and only limited technical assistance to co-operatives appeared to be the North. The CCF’s more aggressive social ownership policy for the North reflected long-range hopes to discover
and develop resource revenues for its project of socialist modernization as well as a moral obligation to address the scandal of living conditions in a region that had been bypassed by “progress” (Dobbin, 1981). Northern exceptionalism appears to have combined the preferred CCF role for co-operatives as vehicles for small scale development at the local level with a belief that co-operatives more naturally fit the communal values of the Aboriginal peoples. Quiring (2004) takes a more cynical view. He argues that the concentration of voters and the press in the South made the North a more discrete, and politically safe, laboratory for experimenting with co-operatives:

The power of southern voters helped ensure that CCF socialism in the south fit within the region’s predominant free enterprise agricultural and small business tradition. In contrast, northerners lacked the voice and electoral clout to determine CCF policies for their half of the province. Most southerners cared little what the CCF did in the northern bush. That indifference granted the CCF free rein to dictate socialist-inspired solutions for the north. (p. 255)

Since the established co-operative movement had little presence in the North, this zone of the province also permitted the state to act more unilaterally. This opened up what was, in large measure, an artificial, parallel, and contradictory co-operative “movement.” On the one hand, the CCF seemed insistent on imposing the co-operative model as a means of democratic local control—a cause which enlisted and empowered the new Métis fieldmen of the North such as Jim Brady and Malcolm Norris. On the other hand, it was reluctant to grant the real power that authentic co-operation presupposed—a source of chronic frustration for the true believers in the field (Dobbin, 1981).

75 On the ground, Métis activists like Malcolm Norris and Jim Brady were sceptical of these idealized, romantic claims. They witnessed first hand the extent to which colonization had undermined the social structure and solidarity of the Métis: “Norris felt that the individualistic Métis tendency to abandon co-operatives for the short-term gain of higher prices doomed the enterprises to failure. Brady could scarcely dispute that the task was a difficult one. But for Brady producer co-operatives represented the Métis’ best long-term hope, economically and socially. No other economic strategy commanded the same attention from Brady as the co-operatives, and he remained committed to the co-operative movement throughout his many years as a political organizer among the Métis” (Dobbin, 1981, p. 123). For Brady, co-operatives were part of an anti-colonial movement for economic independence, schools in which the individualistic Métis could learn the value and skills of collective action he deemed necessary to improve social conditions (p. 124).
One example of the shifting CCF development strategy toward co-operation in the North is the case of the Saskatchewan Government Trading Association stores. The first store opened in LaRonge in 1945 with posts following at Snake Lake, Wollaston, Beaver Lake, and Birch Rapids by 1948. Malcom Norris and Jim Brady each tried managing the SGT store at Deschambault with limited success against the Hudson’s Bay Company and private traders. By the mid-fifties, the CCF began converting these stores to co-operative ownership (Quiring, 2004). Indeed, the DCCD hired its first Northern fieldman only in 1949, increasing its presence to five positions by 1959. The timing of this shift paralleled the government’s overall retreat from co-operative development in the South and its declining budget to the DCCD. This appears to support the notion that co-operatives were viewed as a better “fit” for social policy niches such as the small-scale, transitional development required in the North, with crown enterprise better focused on major economic policy initiatives. The Fabian strategy was to invest heavily in crowns, with minor, targeted support for community-based co-operative initiatives. Early success by Jim Brady in Cumberland House in the late forties may have provided the necessary encouragement. In 1950, the Department of Natural Resources helped involve Aboriginal people in commercial logging and sawing lumber with the Cumberland House Wood Products Co-operative. By 1952, Cumberland House had a credit union, and fur, fishing, and retail co-ops. Unfortunately, these all failed (Quiring, 2004).

Apparently concluding that these failures reflected limited technical assistance and insufficient cultural understanding, the Fort Black Co-op Store was organized at Île-à-la-Crosse in 1955 with the assistance of a DNR anthropologist, and later a co-operative advisor. Other co-operative stores opened in Buffalo Narrows and Beauval by 1957. In 1959, the SGTA formally turned over its stores to Northern Co-operative Trading Services (NCTS), an adapted second-tier co-op. The stated intention was to provide for a five-year transition to full Northern control, but the paternalist approach of the CCF-sponsored and supported enterprises raised serious questions about how co-operative they really were. While the CCF were willing to get out of the business of crown enterprise in the North, they couldn’t get the command and control Fabianism out of their conception of co-operation: “In time, the CCF increasingly turned to a modified form of co-
operatives to implement its programs, although it did so with the heavy hand of compulsion and control. Northerners would ‘co-operate,’ whether they wanted to or not” (Quiring, 2004, p. 255). As Brady’s biographer notes, he was extremely disappointed by the CCF’s failure to undertake co-operative education with Native people. He dismissed the co-operativized SGT stores as “castor oil co-operatives:” “the Natives were being given what the CCF decided was good for them” (Dobbin, 1981, p. 208).

Faced with continued losses and state bailouts to survive, most of these co-ops failed after the Thatcher Liberals, elected in 1964, dissolved the NCTS (Quiring, 2004). Whether the CCF transition strategy would have fared better with more time and further refinement is arguable, but the stores clearly lacked a solid financial footing and meaningful local member control. As a consequence, what the state had given, the state could take away.

The failure of CCF-sponsored co-operation in the North really reflected the failure of CCF colonialism. For the co-operative program was not simply part of the colonization of the North by state power. It also represented the colonization of the democratic, one-member, one-vote co-operative model itself. Just as the statist ethic of command and control had failed to understand or deal with Watson Thomson’s cultural project and had been unable to build an effective partnership based on mutual trust with the established co-operative sector in the South, the technocratic foundations of CCF co-operation doomed it to failure in the North. A movement that involved many well-intentioned CCF activists, civil servants, and Northerners in what they had understood to be a democratizing project of social emancipation from the “bottom up” turned increasingly into a frustrated and resisted project in social engineering from the “top down.” In large part, it was a phantom co-operative movement—a movement without a real social base of authentic, involved members or a real commitment to core co-operative principles. Rather than another failure of the co-operative model, as it was likely perceived by Fabian planners, this more likely represents another CCF failure to effectively partner with emerging co-operatives and the co-operative movement. What difference alternative policy choices might have made to co-operative development in this period is impossible
to discern. But the documentary record suggests that an oppressive culture of control resulted in missed opportunities in adult education, established sector-partnerships, new sector development, and genuine engagement with Northern communities.

6.4.2 Co-operative boom in the South

While the CCF experimented with state-sponsored co-operatives in the North, the established co-operative sectors of southern Saskatchewan continued to keep pace with the post-war boom. Pent-up consumer demand dove-tailed with accumulated reserves and plans—often held up by wartime supply and investment restrictions (MacPherson, 1979)—to drive this expansion. The baby boom, of course, reinforced this initial surge of growth by further bolstering demand in the era of the consumer society. 1944 saw co-operative wholesaling in Saskatchewan introduce dry goods, provide assistance to expanding stores, buy out a coal mine, and amalgamate with Co-operative Refineries to form Federated Co-operatives (MacPherson, 1979).

The fifties also saw ambitious expansion of adult education networks and organization in the co-operative movement. As informants recounted, new retails and credit unions needed training and assistance in accounting, management, and marketing. New boards and managers needed training. In the late fifties, FCL organized regional education federations in each district. Paid fieldmen studied co-operative principles and adult education and group development methods at the Western Co-operative College. They assisted local boards and Women’s Guilds in their districts and worked with Pool fieldmen to staff co-operative schools for young people and other co-operative district activities. University Extension also offered credit courses to the public based on the College’s certificate program. A couple of this study’s collaborators described this period as the “golden age” of formal co-operative education in Saskatchewan.

Post-war commercial growth and reorganization also required a new generation of managers and experts to oversee the development of important new intermediary organizations designed to consolidate established sector strength. The increasingly complex web of modern prairie co-operation included federations, second-tier co-ops,
and inter-provincial wholesales. The credit union movement launched what became Credit Union Central of Saskatchewan in 1938; today’s Credit Union Deposit Guarantee Corporation was established in 1951, as the Mutual Aid Board (Fairbairn, 2005). By realizing new economies of scope and scale, these second and third-tier institutions accelerated established sector growth and consolidation.

Interviews found that these two tendencies would increasingly come in to conflict. On the one hand, the associational or movement-building side had emerged to meet early communities’ needs for a vast adult education and co-operative development network. On the other hand, the managerial or business-building side of the sector increasingly brought specialized vocational training in-house and strove for management efficiencies. In the field, as the retails and credit unions grew and developed their own field staff, education and development efforts became fragmented. Overlapping districts meant that fieldmen from the Pool, the Credit Union League, Federated Co-operatives, and the Co-operative Union of Saskatchewan worked overlapping territories but were unable to effectively coordinate regional development support. Centralization also encouraged a technical focus on area specialists. With the addition of field staff from the provincial government, the division of responsibilities for movement education and development became increasingly unclear; this led to a study on the increasing incoherence of co-operative education in the early sixties (Kristjanson, et al., 1964).

The golden age of fieldwork was drawing to a close. It was still possible for researchers to interview 23 government fieldmen, 16 Pool fieldmen, 14 Co-operative Union fieldmen, 10 FCL fieldmen, and 4 Credit Union League fieldmen by 1964. But their ranks would be culled and their mandate refocused from education and development to commercial priorities over the decades ahead. Managers and directors alike mostly still viewed themselves as “working for a common goal” but less than ten percent of the directors at this point still viewed “building a better society” as central to the co-operative idea. This was particularly curious against the backdrop of the recent community clinic campaign of 1962 and the new idealism emerging among the young through the sixties. Leaders had
“become more concerned with organizational maintenance rather than with creating a sustained co-operative movement” (Kristjanson, et al., 1964, p. 67).

This study was a harbinger of difficulties ahead according to those interviewed for this study. For just as the CCF had turned inwards to modernize and expand the state, and away from the wider movement culture, an ascendant new class of managers and directors in the established co-operative sector had become preoccupied with growth and bureaucratic efficiency. The gap between popular movement co-operative culture and the creeping managerialism of the established co-operatives widened. The managers’ focus narrowed and their locus shifted in-house. Community animation and grassroots movement-building were out. Planning to increase market share and margins was in. The centre of gravity moved from the field to head office for the entire co-operative movement. As the mature co-operatives developed internal training and support capacity, support for fieldwork, movement-based training, and member education waned. This shift marked the pinnacle of business expansion but the end of an impressive movement regeneration cycle. As the sixties dawned, the challenge was to sustain growth without allowing the educational infrastructure and associational life of the co-operative movement to collapse. The managers would succeed, but the movement would flounder.

6.5 The fourth wave: Consolidation and conflict, 1960 - 1980

With a supportive socialist government in place for four consecutive terms, the sixties might have been a new high tide for co-operative innovation. Certainly, the business community feared rising public support for the left. In 1961, the Canadian Chamber of Commerce launched Operation Freedom, a public relations offensive against the creeping red menace. Conservative Prime Minister John G. Diefenbaker campaigned on a free enterprise versus socialism platform (Morton, 1977). In this volatile context, it was a decade of mixed results and missed opportunities for co-operation. This study’s informants described an uneasy tension in which the Old Left and New Left were at once both drawn to each other and mutually distrustful. In the end, the sixties further polarized the province’s political culture, and its old and new popular movements in particular.
It was in the context of the CCF’s struggle against the medical establishment to introduce Medicare in 1962 that co-operative health care was first funded by the Province.\textsuperscript{76} Community clinics broke the doctors’ strike and helped secure socialized medicine. As thirty communities mobilized to establish clinics, their actions recalled the great co-operative mobilizations of the past (Rands, 1994). For many, the community clinic campaign appeared to prefigure a new frontier for co-operation, another bold new “broadening out.” A new opportunity for the creative expansion and re-invention of the welfare-state, it also established long sought after beachheads for co-operation in the urban centres. It opened a new dialogue and sense of common purpose with the trade unions. It offered hope to rejuvenate community-based popular organization and engage a whole new generation of activists. Expectations ran high until this emerging movement was abandoned with the Saskatoon Agreement, an effort to buy the peace with the medical profession. This deal buoyed the spirits of Fabian socialists who claimed perhaps their greatest victory to date for state-action. By contrast, trading away support for the expansion of the community clinic movement had a disenchancing and demoralizing effect on many co-operators.

Unable to overcome the denial of hospital privileges to clinic doctors or even place doctors in the chilly post-strike climate, several co-operative health care committees had to disband. Despite a commission of inquiry into these practices, many activists felt betrayed by the government for failing to stop the harassment of clinic doctors by the medical establishment. Defeated by the politics of compromise and worn down by this emerging sector’s stymied growth, the CCF-NDP’s greatest victory came at a considerable price to the province’s co-operative movement. It had been dealt a stinging setback by its legislative “allies.”\textsuperscript{77}

\textsuperscript{76} There was a long pre-history of municipalities hiring salaried doctors and pooling resources to build union hospitals, but this was the first Provincial initiative. See Rands (1994).

\textsuperscript{77} Once again, the monopoly press played a significant role. For the NDP’s willingness to cut a deal with the medical lobby reflected sustained editorial pressure to withdraw Medicare altogether. Former \textit{Star-Phoenix} journalist, Dennis Gruending (1980), sums up the Sifton position this way: “There was no doubt where the Sifton press stood editorially: they were opposed to ‘state medicine’ and repeatedly talked about the loss of ‘individual rights,’ the right of a doctor to practice and bill as a private entrepreneur, and the
While the co-operative, socialist, and social democratic movements sprang from common roots in the same agrarian social movement family, the community clinic impasse profoundly soured relations between the Provincial state and the activist movement base. Interviews for this study found that young activists had increasingly turned away from the “dead-end” of co-operation toward the greener pastures of the counter-culture, trade unions, Marxism, feminism, ecology, and the formation of the socialist Waffle faction within the NDP. Increasingly urban and youthful, popular movement energies were buoyed by sixties radicalism. While the grand prize of socialism through state power seemed within reach, the social conservatism of the rural co-operative establishment and the system’s creeping managerialism held little appeal to this generation.

Public fatigue with the Medicare conflict contributed to the NDP’s defeat in 1964 but so, it has been argued, did the longer range “disintegration of the co-operative democratic socialist coalition” (Argue, 1992, p. 153). Indeed, the community clinic activists’ sense of betrayal over the health care settlement of 1962 was merely a microcosm of the long-range erosion of the CCF-NDP relationship with the popular movements, including the co-operative movement. The defeat of the community clinic movement, followed by the NDP’s defeat at the polls, was part of a gathering storm. It would pit Saskatchewan’s old left-populist culture and the emerging New Left against the modernizing bureaucrats that dominated the party. It would also redefine the terrain for co-operation in Saskatchewan.

6.5.1 The New Left in Saskatchewan

The contradictions came to a head on March 25 1970, at a special joint meeting of the Saskatchewan NDP provincial executive and caucus. It was convened to address concerns over the growing influence of the socialist Waffle formation within the party. Lloyd had voted in favour of the Waffle Manifesto (Connections, 2010) at the 1969 federal convention in Winnipeg. He had viewed the youthful movement as an important
revitalizing force. The Manifesto carried a third of the votes. Lloyd stood against the party leadership, including Tommy Douglas, David Lewis, and his eventual successor Alan Blakeney. Ostensibly, the occasion for the March 25 meeting was the open connection of the party president, Bev Currie, to the Waffle and his endorsement of their proposal for a land bank (Lloyd, 1979). In fact, the meeting proved to be Lloyd’s ouster. Ironically, while the influence of the Waffle had been rolled back by the party brass and led ultimately to their withdrawal from the NDP, Blakeney’s 1971 New Deal for People (New Democratic Party of Saskatchewan, 2010) would include the land bank proposal as well as considerable concessions to the Waffle faction.

Yet, much like the Fabians, the New Left’s 1969 Waffle Manifesto (Connections, 2010) expressed only marginal interest in co-operatives. Despite the vast achievements of the co-operative movement since the Regina Manifesto (CCF, 1933), the Waffle Manifesto further marginalized the option. While the party’s founding document had called for consumer and producer “co-operative enterprises (to) be assisted by the state through appropriate legislation and through the provision of adequate credit facilities” (CCF, 1933, Section 6), the Waffle Manifesto argues only that “consumers’ and producers’ co-operatives are examples of areas in which socialists must lead in efforts to involve people directly in the struggle to control their own destinies” (Connections, 2010). Rather than a focus on enhanced and expanded policy commitments that would build on the early Regina Manifesto commitments (i.e., enabling legislation, and finance), the co-operatives receive no program or policy support. Instead, they appear simply as terrains of struggle. Moreover, the Waffle Manifesto features only one passing reference (Connections, 2010, pp. 6 – 7) to co-operatives—leaving out completely the vast new expanses of modern co-operation in childcare, housing, and even credit unionism. Despite a passing reference to “worker control” and “worker participation” (Connections, 2010, pp. 5 – 6), there is no reference to the worker co-operative model, arguably the principal democratic means for the achievement of these goals. Despite the appropriation of the rhetoric of libertarian socialism, the Waffle Manifesto’s evasion of programmatic commitments to an expanded co-operative sector marks a “great leap backward” from early Fabianism into an even more virulent statism. Scant interest in co-operative possibilities would prove to be an
enduring feature of this tradition (Richards and Pratt, 1979; Laxer, 1996). Interestingly, however, interviews with leading Waffle activists found practical personal involvements in co-operative organizing efforts, particularly student housing, despite the apparent doctrinal marginalization of co-operation in the faction’s official program.

Like the party’s Fabian faith in state centralism, the New Left’s brand of neo-Marxism demonstrated a strong commitment to state power and nationalization. Like the party establishment they opposed, the Waffle had a policy blind spot where co-operative development was concerned. The Waffle’s emphasis on a “strong state” to counter American domination was an understandable extension of its commitment to economic nationalism but it also suggested a lack of strategic clarity and specificity regarding the intermediary organizations of socialist transition and renewal. State power appeared as a quick fix, a short cut to social transformation for a movement impatient for rapid change. Like the Fabian agenda, the Waffle’s vision was rooted in a bipolar development model, pitting private sector against public, and simply discounting the co-operative option.

6.5.2 The Thatcher Years, 1964 – 71

Coming to office in 1964, the Thatcher Liberals, strongly committed to private enterprise, had the support of the business lobby and the Sifton papers. Indeed, the fealty of the press to the Thatcher agenda seldom wavered. Past ties between the Liberals and the early co-operative movement were set aside in an offensive to make Saskatchewan “open for business.” Collective action generally, and the DCCD in particular, were treated with deep suspicion. Thatcher moved decisively to curb the DCCD. Of total government budget from 1965 to 1972, its budget was slashed from about .25 percent to about .1 percent. Any commitment to research, planning, or sector development disappeared, replaced by the core functions of statistical and regulatory surveillance (Argue, 1992). The Committee to Study the Role and Structure of the Department of Co-operation and Co-operative Development was appointed by Thatcher in 1971 to explore how the

78 As Gruending recounts “the sixties had never happened at the Star-Phoenix. As students we could read Marcuse, as young reporters we could read Tom Wolfe, but at the city desk it was still the five Ws, Rotarian lunches and supplements on bridal gowns… The sixties, the counter-culture, the New Left, none of that had any effect at the Star-Phoenix or with the Siftons” (1980, pp. 142 – 143).
department “could be absorbed into other government departments.” The Hansen Report found the Department both “isolated within government and insulated from co-operatives,” as well as “passive in developing new forms of co-operatives” (Argue, 1992). The Liberals appeared poised to dismantle the Department altogether when they lost the 1971 election to the Blakeney NDP.

The Thatcher years were characterized by a clear shift—toward the investor-owned firm, private-sector development strategies, and focused policy and program supports to private enterprise. Meaningful support to co-operative development, or even sector engagement, was suspended. However, on the ground, and in the pages of the alternative press (Verzuh, 1989) and the increasingly radical and aggressive student press (Pitsula, 2008), the sixties also saw the rise of popular movement ferment and a swing back to the left that helped to bring down the Thatcher government in 1971. Thatcher’s defeat and the seventies also brought a better climate for new co-operative development. But technocratic statism would continue to cast a long shadow.

In fact, the province’s co-operative movement would also continue to struggle for light against a crusading capitalist press that had remained to the very end of the Thatcher regime steadfastly “vitriolic in its editorial stance against the same old socialist ghosts” (Gruending, 1980, p. 146). Moreover, the anti-CCF Sifton monopoly played a significant role in shaping the debates that would define the Blakeney era. It had not simply defined the residual ideological terrain of Ross Thatcher’s cultural offensive against socialism. It remained actively engaged in its reproduction and rehabilitation. In 1971 both the editor and city editor at Saskatoon’s Star-Phoenix had served as cabinet press secretary for the Thatcher Liberals. The sole political reporter had served Thatcher’s Information Services branch (Gruending, 1980). Expelled from political office, the ideological ghost of Ross Thatcher came to haunt the province’s newspaper pages.
6.5.3 The sixties and the co-operative movement

Meanwhile, respondents for this study recounted that the sixties also created new strains within the co-operative movement. Through the sixties and seventies, the established co-operatives and their leadership often found themselves at odds with increasingly militant trade unions, a women’s movement calling for greater representation and the urban, university student based New Left. These popular movements increasingly preferred to launch their own autonomous underground newspapers (Verzuh, 1989; Pitsula, 2008), health food stores, student housing co-operatives, and participate in edgy Marxist politics and counter-cultural activities than join the old co-operative establishment. A militant student movement, assembled on the province’s rapidly expanding university campuses, settled instead in the Waffle. The lingering opposition between co-operative managers and grassroots activists today, about which informants had much to say in this study’s interviews, has its roots in this formative generational experience of mutual distrust.

An entrenched rural leadership that was struggling to come to terms with “the urban mind” (Kristjanson et. al., 1964, p. 131) now had to grapple with a generation gap. Much as the early agrarian pioneers had constructed a white, male, farmer-led movement to assert its interests, many established co-operative leaders now instinctively pushed back against the demands of the long-haired, college-educated Marxists and feminists who were little inclined to contest seats on their increasingly well-fortified boards.

The sixties was therefore a period of rapid demographic and structural dislocations as well as political volatility for the co-operative movement. The membership base itself diverged as the values and interests of the well-established and prosperous old co-operatives and fledgling new co-operatives grew further and further apart. On the one hand, the moderate and often right wing social democracy of the male, middle-aged, rural, farmer-led traditional co-operators aligned with management and had grown distrustful of state involvements. On the other hand, the modernizing left radicalism of a young urban insurgency was marxist, anti-racist, feminist, and ecological in outlook. Rapid urbanization and the radicalization of the baby boom generation would pose serious long-range problems for the succession and renewal of an increasingly entrenched
agrarian movement through the sixties and seventies. The radical emphasis on aggressive state action, particularly calls for resource nationalizations, further reinforced a state versus capitalist orientation. The politics of the farm-gate were decentred and co-operatives were further eclipsed. As sixties activists chronicled in interviews for this study, organized co-operation became increasingly disconnected from the New Left. Indeed, while other movements exploded, this would be a decade of “blocked transition” for co-operation in Saskatchewan.

The establishment of the Western Co-operative College (later, the Co-operative College of Canada) and the Centre for Community Studies at the University of Saskatchewan in 1959 both seemed to anticipate some of these looming threats to movement cohesion and vitality. As one adult educator of the era explained in conversation for this study, these new mechanisms tried to recover the movement’s potential for cultural expansion and leadership development. But they may have been too little too late to turn back the ebbing tide. The Thatcher Liberals came to power in 1964 and cut the Centre’s funding. It was closed soon after (Quiring, 2004).

As the resource economy decentred agriculture, urbanization gained momentum, and the struggles of the province’s workers, women, students, and Indigenous Peoples increasingly moved to centre stage. Agrarian-managerial hegemony in the Saskatchewan movement became increasingly mismatched with the emerging economic base, and the needs, constituencies, and values of the New Saskatchewan in an age defined by resource wars and the feminist, anti-colonial, and Marxist radicalism of an urban youth movement.

This generation gap was deepened by the increasing consolidation of farmland, which made it less feasible or attractive for young farmers to start out. Farmers faced rising prices for land, equipment, industrial inputs, and credit. These all lowered margins and forced them to establish greater economies of scale by debt-financing larger tracts of land. Between diminishing returns on the land and new educational, employment, and cultural opportunities in the cities, urban migration was increasingly led by the young. The agrarian and co-operative movements were greying, and co-operation’s traditional
base and development path in agriculture and rural development was eroding. Rather than “broadening out,” the co-operative establishment turned away from the new urban base and development trajectory of activism in the new social movements. Meanwhile, the rapidly expanding consumer and credit union sectors were preoccupied with managing growth. The movement was therefore challenged to adapt to the marginalization of the farm economy and the shifting foundations of its own social base. For, while youthful and diverse urban movements emerged to drive new co-operative development, the establishment was preoccupied with the internal demands of rapid growth and expansion. Failing to tap the new mobilizing potential of the women, workers, and students who comprised the New Left, this generation of activists instead wound up confronting the co-operative establishment on picket lines and at annual general meetings. Worse, as movement activists interviewed for this study lamented, they gave up altogether, dismissing the co-operative establishment as hopelessly insular, out of step, and reactionary. While the sector grew economically, its traditional membership was eroding and potential new membership energy simply drifted away.

Like the labour movement and the NDP, the co-operative movement was polarized by the New Left. Here, too, leaders exhibited a protective impulse to retrench and protect the gains of the movement from reckless adolescent excess. The fear of being swamped by impulsive young activists reflected rural traditionalism and the Cold War paranoia of the age. It fed the trend to tightly controlled and manipulated annual membership meetings. The demands of an ever-expanding economy reinforced the tendency to bureaucratic centralization, the closed managerialism of the “frozen co-op,” and a narrowing focus on bread and butter management issues. While the twin rise of marxist radicalism and Cold War paranoia were not solely responsible for youth exclusion and disengagement, they certainly added to the chill on co-operative movement by the close of the decade.
6.5.4 The Blakeney Years, 1971 – 82.

While the community clinics were the first of the province’s new co-ops, their experience in the early sixties was not promising for childcare initiatives in the seventies. As women entered the workforce and post-secondary education in growing numbers, childcare co-operatives met a pressing need for working parents. Dozens sprung up, aided by the newly formed Saskatchewan Action Committee on the Status of Women (SAC) that successfully lobbied the Blakeney NDP for support in 1973.

The emerging sector faced severe structural constraints, as one childcare movement activist interviewed for this study recounted. First, by definition, working parents were too busy for active membership and sector building. Second, the emerging sector based on non-profit service provision had weak revenues and was unable to hire development staff. As a result of these two handicaps, the sector was unable to build up a strong central organization or voice (Fairbairn, 2005). Childcare co-operatives were therefore inadequately represented, understood, and supported within a larger provincial movement that was led by male farmers and managers and dominated by the established co-operatives.

The Blakeney NDP’s record on co-operation was mixed. On the one hand, the Thatcher Liberals’ era of overt state hostility to co-operative development came to a close with the New Deal for People platform (New Democratic Party of Saskatchewan, 1971). The DCCD survived and in 1973 the government hosted a conference on co-operation (Argue, 1992). The ideological and political value of reinforcing the CCF-NDP’s support for co-operative development was clear. This was particularly true in the context of the New Left upsurge, activism around student housing co-operatives and childcare co-operatives. On the other hand, in line with the evolving view of the Douglas-Lloyd CCF administrations and the neo-statism of the Waffle, the overwhelming preference was still for a state-led development strategy. Under Blakeney, co-operatives would serve a “street-level” function, particularly in addressing social concerns like daycare, housing, and health care (Argue, 1992). The rescue of the DCCD by the Blakeney NDP was both a
symbolic gesture to party members and the sector and a co-optive device to appease the dispersed rank and file Waffle who needed to be wooed back to the fold:

In effect, this strategy enabled the dominant technocratic Fabian element to control the levers of government while redirecting an allied, but potentially disruptive, political force into an area of secondary importance… The Department … was used to nullify the contradiction between dispersed and centralized democratic notions within democratic socialism… It absorbed democratic forces while maintaining their political allegiance. (Argue, 1992, p. 156)

Through the seventies, co-operative development was thus sidelined. In 1973, the government created the Saskatchewan Oil and Gas Corporation (SaskOil). In 1975, it moved to nationalize potash (Richards & Pratt, 1979). Blakeney’s defining legacy was the much vaunted “family of crown corporations.” Co-operative development became a mere footnote to the resource wars and the rise of the “entrepreneurial state.”

The new darlings of the Blakeney NDP would be small business on the one hand and the new family of crown corporations on the other. By courting small business, the Blakeney administration hoped to articulate a new antagonism between the little guys and big, out-of-province capital (i.e., the resource companies). It was a prudent and effective strategy for pre-empting the recruitment of small business to the anti-nationalization lobby, but a demotion for the co-operative movement. Revealingly, the 21-page program on which Blakeney campaigned includes only one reference to co-operatives. Under “Resource and Economic Development,” the party promises that “co-operative ownership will be encouraged” but that “the NDP will give first priority to public ownership through crown corporations” (New Democratic Party of Saskatchewan, 1971, p. 7). In contrast to the two sentences devoted to a minor role in one sector of the economy for co-operatives, the program commits a whole section to small business. A seven-point program promises a new division of government, technical services, and financial and research support (New Democratic Party of Saskatchewan, 1971, p. 9).
When the DCCD was reorganized in 1973, it was with a niche conception for co-operative development: as an extension of the welfare state rather than a challenge to either small business or large-scale capital. New co-operatives would be supported in the targeted areas of farm production, housing, handicrafts, daycare, and “production enterprises.” Over the next decade, the Blakeney administration would emphasize a token social development role for co-operatives. This focus was apparently intended to appease the sector, the women’s movement, and elements of the now largely disbanded ranks of the Waffle. The Hansen Report’s recommendation to fold the DCCD’s functions into other departments was shelved out of concern for the political optics and support of the sector. The Department’s funding and staff each nearly doubled from 1973 – 1983 as it rebuilt from the Thatcher years (Argue, 1992).

It is perhaps most accurate to say that, as the eighties dawned on the Prairies, the Blakeney NDP had a marginal interest in co-operative development and an ambivalent attitude toward the role and importance of the DCCD. One internal memo to Blakeney from the minister responsible stated this flatly: “the Department lacks credibility within government circles… all tend to view the department as an historic appendage with little relevance to this government’s overall social and economic objectives” (cited in Argue, 1992, p. 113). Indeed, through the seventies, the state’s position on co-operatives was out of focus, unstable, and contradictory. The Blakeney administration brought the Thatcher regime’s ideological and absolutist hostility to co-operative development to a close. It made significant political pronouncements and financial commitments to a limited role for co-operatives in niche areas of social policy. However, the substantive policy drift in the early Blakeney years flowed from the view that co-operative enterprise was an historic appendage. The retreat from co-operative development continued in favour of significant support to small business and a decisive emphasis on crown corporations.

The Blakeney administration had a clear economic rationale for marginalizing co-operatives: state enterprise was faster, easier to control in line with policy objectives, and simply more expedient (Argue, 1992). In part, this tact reflected the rise of the resource
economy as a government priority.\textsuperscript{79} This new economic engine was ill-suited to co-operative exploitation due to the large capital and expertise requirements. Only the state could marshal the resources to challenge private sector development and support a redistributive, expanding welfare state. The urgency of this overarching mission shaped the government’s overall approach to development. As the rise of the resource economy eclipsed agriculture, it seemed as though co-operation was yesterday’s model, increasingly out-of-step with the trends of a modern resource-led economy and the growth of urban economies driven by small business.

There was also a political rationale. Obviously, it was more difficult to take credit for co-operative gains than it was for clear-cut achievements of the government. But the real spoiler for co-operation as a policy vehicle was the political need for speed. While the Blakeney NDP shared a larger social project and purpose with the Douglas and Lloyd regimes, it manoeuvred within an evolving political context shaped by the impatient ethos of the consumer culture and the rise of the public relations state. It contended with the immediacy of televised political coverage, the increased prominence of the sound-bite, image, and personality, and the need for initiatives to be implemented province-wide and demonstrate clearly positive results to voters within a four-year election horizon. The uneven, slow, and unpredictable path of co-operative development was increasingly uncompetitive in a political marketplace marked by rapid change and voters impatient for demonstrations of decisive leadership and instant results.

For example, Blakeney did little to build on the gains of the community clinic movement to establish a co-operative, preventive health care model\textsuperscript{80} while other jurisdictions enthusiastically embraced the model. By 1994 only five community clinics still existed in

\textsuperscript{79} Indicative is the organization of Blakeney’s memoirs. There is scant reference to co-operative development policy. However, there is a chapter each devoted to “Oil,” “Potash,” “Uranium,” and “Some Thoughts on Resource Policy” (Blakeney, 2008, v-vi).

\textsuperscript{80} This is ironic since he was Minister of Health under Lloyd who introduced Medicare and a member of the Regina Community Clinic. In fact, in 1964, as a result of the Regina General Hospital’s refusal to grant his family doctor hospital privileges, Blakeney’s son David was delivered in their Regina home (Blakeney, 2008).
Saskatchewan. Meanwhile, Ontario had established 53 clinics, Manitoba’s network included 14 community clinics, and Québec had undertaken a massive development of health centres with doctors on salary. Even Alberta, the heartland of free market health policy, had three community clinics (Rands, 1994). Yet Blakeney’s administration would move aggressively into uncharted territory against the dental profession in 1972 to launch a universal, state-managed, school-based dental program for children. It did so without federal funding and bankrolled entirely by resource revenues (McGrane, 2007). Unlike the plodding and uneven development of community clinics from the bottom-up that had left those dispersed popular organizations vulnerable in 1962, the dental program was rolled out with military precision. The Blakeney regime started training dental hygienists in 1972 and took the new service province-wide as they graduated in 1974. Blakeney delivered on his promise in one term, edging the program’s reach up two grades with every graduating class of hygienists.

Beyond the narrowly economic and political cases for setting aside the co-operative tradition was a professional-ideological factor. From 1950 - 58, Blakeney served the Treasury, the bureaucratic nerve centre of centralized socialist planning, as a senior official. When he returned to government in 1960, this time as a senior minister, he brought this reverence for professional competence and the desire to reinstate Cadbury’s legacy: “Blakeney was determined to revive the progressive Fabian tradition of the professional CCF bureaucracy” (Richards, 1979, pp. 255 - 257). The rise of the resource economy, the invention of Saskatchewan’s entrepreneurial state, and the restoration of the Fabian tradition reinforced each other. They also marginalized co-operative development in the priorities, policies, and plans of the Blakeney regime.

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81 Ironically, the Blakeney regime adapted a prescription drug plan pioneered by the Saskatoon Community Clinic as the basis for a province-wide program (Blakeney, 2008). Resource revenues enabled the state to deliver this program without federal contributions (McGrane, 2007), thus demonstrating the public benefits of the resource crowns.

82 Of course, the downside of short-term political expediency is political vulnerability. While the remaining co-operative community clinics enjoy strong member support and have survived eight Premiers, the entire school-based dental program was wiped out in 1987, the second-term of the next government to take office, i.e. the Grant Devine Tories (Blakeney, 2008).
6.5.5 The co-operative movement in the seventies

In interviews for this study, members of the student movement reported the ways in which that movement overlapped briefly with the co-operative movement during the upsurge of the New Left in the late sixties and early seventies. Saskatchewan’s established co-operative movement reached out to the emerging New Left, funding a student co-operative conference in 1967. The Co-operative Union of Saskatchewan also helped raise $10,000 each from Federated Co-operatives Limited, the Saskatchewan Wheat Pool, and the credit union movement for mortgages on five houses in Regina’s General Hospital area. They were converted into the Wascana Student Housing Cooperative. Student activists were responding to the baby-boomers’ housing needs as they flocked to the expanding University of Saskatchewan Regina campus. The co-operative model was a natural fit for a generation searching for new ways of living together. The Canadian Union of Students hired a national co-operative housing organizer in the seventies.

However, for the most part, these interview subjects suggested the established sectors became increasingly inward-turning as the seventies unfolded. The co-operative sector was now more focused on managing growth than new co-operative development. Unlike the Wheat Pool fieldmen of the thirties and forties, who were preoccupied with sector diversification, the possibilities of emerging sectors in the seventies—such as community clinics or childcare—now disappeared from view. MacPherson (1987) argues there were several reasons for the general decline of broad-based initiatives in the Canadian co-operative movement after 1960:

These include the growth of managerial cadres with overwhelming concern for immediate gains, the decline of broad perspectives among directors, and the loss of organizing skills. Or, put another way, the decline may best be seen by contrasting the inertia and institutional limitations of recent years with an understanding of how co-operative entrepreneurship, building on context and networks, worked in the past. (p. 10)
As the management of Saskatchewan’s well-established co-operative sectors became entrenched, membership participation diminished. New waves of co-operative development had previously acted as a foil against movement-wide degeneration. But the “lost generation” to new co-operative development left an entrenched management and officialdom to increasingly stand alone. Federated Co-operatives Limited began to refer to itself as a “system” rather than a “movement.” In the sixties, under the pressure of serious economic difficulties, there was “a steady de-emphasis of the ideas and structures that had made co-operatives into a movement. Education, public relations federations and finally the public relations division fell by the wayside; along the way the provincial co-operative unions declined, and the relationship of the system with the Co-op College became much weaker” (Fairbairn, 1989, p. 182). Although the Co-operative Consumer reached a circulation peak of 300,000 in the mid-seventies, subscriptions fell off as retails ceased subscribing their members. In 1982, the recession squeezed FCL and the publication was wound down (Fairbairn, 1989).

Similar symptoms of managerial oligarchization and movement disengagement appeared within the ranks of the SWP. Information and resource sharing, and joint-action for new retail co-operative development had once knit the co-operative sector together into a movement united by common interest and purpose. Now, established co-operatives increasingly retreated into their uni-functional organizational silos. The principle and practice of co-operation among co-operatives that had driven such tremendous new development activity in the thirties and forties now reversed itself in a great top-down retreat from new co-operative development. Even as individual sectors realized significant commercial success, this broad-based neglect of associative life and broader social connections helped plunge the movement into a powerful degenerative cycle.

6.6 Conclusion: Prairie co-operation at a crossroads
This chapter has demonstrated the evolving position of the co-operative movement in the shifting field of twentieth century Saskatchewan’s economy and society. This evolution has been analyzed in terms of four waves of co-operative development (Fairbairn, 2005).
Agrarian settlement and the development of the wheat economy set the stage for the first wave of co-operative development at the turn of the century, from 1900 to 1930. Early co-operation emerged out of the unique conjuncture of this settler society. On the one hand, established authority on the frontier was still weak, the federal state was remote, Aboriginal cultures were quarantined to reservations, and private enterprise alternately neglected and exploited the region’s population. These elements all helped to create a vacuum for new social actors and social projects to emerge “from below.”

On the other hand, the pioneering settlers sought a new start, and were driven to innovate by a range of frustrated needs. Many brought knowledge, experience, and skills with them from the evolving co-operative movements of Ontario, Europe, and the United States. These settlers had time between crop seasons to read the agrarian press, ponder their problems and prospects, and to meet and organize with their neighbours. Although distances created difficulties, the isolation of the farm frontier also motivated settlers to socialize and take joint-action. It was within this context of a surging, innovative settler population and agrarian revolt that farm leaders like E.A. Partridge ignited the great pooling campaigns of the twenties.

The world-wide Great Depression ushered in a “second wave” of co-operative development in Saskatchewan. The hardships of this period further discredited capitalism with the already sceptical and increasingly socialist ranks of the farm movement, many of whom had become involved in farmers’ parties like the Progressives. While private enterprises failed or withdrew from the collapsing Saskatchewan economy, the co-operative model proved its resiliency and its rootedness. Indeed, from the launch of the world’s first co-operative oil refinery to the take-off of credit unionism to the province’s first effort at organizing a community health clinic, the co-operative movement undertook some of its most bold efforts at diversification and community economic regeneration during this period. Unlike the agrarian leaders who founded the co-operative movement in Saskatchewan, Harry Fowler was an urban, professional outsider with a communitarian worldview. He represented a generation of new leadership determined to innovate in the dire straits of the Depression. This economic and cultural weakening of
private enterprise and redoubled commitment to grassroots co-operation, and a broadening out of the movement, positioned Saskatchewan for a surge of growth with the return of prosperity. It created the context for the diversifying and modernizing third wave, from 1940 to 1960.

Fairbairn (2005) argues that the movement culture of this “third wave” was a unique, one generation phenomenon. Saskatchewan co-operators were doubly traumatized by the experiences of the Depression, soon followed by the rise of fascism and a Second World War. These experiences revived a strong reformist resolve. This generation of activists was determined to transcend the narrow economic dependency on wheat that made the province so vulnerable to drought and Depression. They were also committed to building a new world of peace and prosperity, free of imperialist ambitions and capitalist rivalries. The powerful pent-up growth and expansion plans of Saskatchewan’s co-operative sectors converged with the province’s turn to socialism in 1944 and the booming optimism and consumer demand of the post-War era.

Further diversification was cut short by several forces. These included bureaucratization and the rise of managerial oligarchies within the established co-operatives. For its part, the CCF state eliminated the study group campaign of the Division of Adult Education—at a cost to new co-operative development and movement momentum. Despite reaching a peak of 62 Northern co-operatives in 1971 (Beveridge, 2007), the CCF-NDP’s technocratic Fabianism and the ambivalence of established sectors in the South failed to attract Northerners to the model. The CCF became increasingly committed to state-enterprise, but momentum provided to consumer co-operation and the credit union movement through this period was irreversible.

Clearly, the forties and fifties was a period of society-wide and intra-movement transition. Urbanization and the rise of liberal-left, secular values redefined the membership and leadership base for co-operation as surely as it transformed the economic and social terrain on which it manoeuvred. Accelerating urbanization placed in doubt traditional precepts, such as the rural locus of development activity; the leadership
role of the farmers’ movement; the supremacy of producer co-operation; and ambivalence toward trade unions and city-life. An effort to re-establish the basis for co-operative education and movement re-generation therefore emerged in the fifties (Crewe, 2001). This period widened the sector base from agriculture into the realms of consumer co-operation and credit unionism. It strengthened movement autonomy and introduced a more innovative and expansionist attitude.

The movement culture that drove the growth of the co-operative sector through the forties and fifties would eventually reach the limits imposed by the market-driven growth of farm-size. Rural decline was the foremost, and most intractable, factor in co-operation’s “fourth wave”—a period of consolidation from 1955 to the present-day. Dwindling rural populations forced centralization and consolidation on all the sectors that serviced those farm communities. On the urban scene, the rise of the sixties counter-culture and the aversion of established co-operative leaders, many weaned on Cold War anti-communism, to the radicalism of these youth, diverted new energies from co-operation. The consolidation of state enterprise as the preferred alternative to co-operative action, particularly with the emergence of the resource economy, further undercut the socialist movement’s enthusiasm for co-operative possibilities. The vigorous movement culture that had defined the previous two decades dissipated. A national level housing co-op drive would go on to yield important gains in the eighties, but this sector and the emerging childcare sector both lacked organization, cohesion, and direction at the provincial level.

As new constituencies, new models, and new activists were bottled up by the impasse that defined the fourth wave, the movement’s capacity for innovation, renewal, and regeneration withered too. Experiments in student housing, worker co-operation, childcare, and community clinics were all left to sink or swim. Overall, by the end of the seventies, co-operation in Saskatchewan was a divided movement. The established co-operatives were retrenching. The provincial state’s co-operative development policy was contradictory and the DCCD was adrift. The new co-ops were few and unsupported. Those new co-ops, and the social movements from which they sprang, viewed the
disinterest of the established sector in movement-building, and the half-measures of the state with increased resignation. In this period, the movement was re-defined by the conservative, inward-focus of the large, old co-ops and the withdrawal into marginality of the emerging new co-ops. This was the precarious state of the Saskatchewan movement in 1980 as the globalization storm gathered at its borders.
CHAPTER SEVEN

NEXT YEAR COUNTRY:
GLOBALIZATION, THE NEW RIGHT, AND THE
COLLAPSE OF AGRARIAN CO-OPERATION
IN SASKATCHEWAN, 1980 - 2010

The history of co-operation in Saskatchewan over the first eight decades of the twentieth century is uneven. Although agricultural pooling, co-operative retailing, and credit unionism are all part of one co-operative movement family, with common roots and overlapping memberships, each sector has also been defined by its own market realities and waves of movement advance, consolidation, and retreat. The first mover in this great chain of co-operative innovation was the agrarian movement. Wheat-pooling marked the origins and rapid take-off of early co-operation in the twenties, propelled by the twin motors of the land rush and the wheat boom. Farming pushed the nomadic hunting and gathering and fur trade economies of the Indian and Métis peoples to the margins of economic life, at least in the populous South. The grain trade would drive the new province’s economy and sense of identity, the provincial coat of arms a wheat sheaf. License plates heralded Saskatchewan as “the wheat province.” Farmers were fond of calling their home the “bread-basket of the world.” Through Saskatchewan’s first century, its co-operative movement was primarily, and profoundly, an agrarian movement.

By the seventies, the tables had turned on the dominant agrarian economy. The rise of potash, oil, gas, and uranium reduced the role of agricultural producers and their producer co-operatives while resource sector linkages reinforced urban growth. By 1971, the majority of Saskatchewan residents were living in urban centres (Fairbairn, 2001b). Provincial politicians still railed against federal agriculture policy but now they also went to court to enforce their rights to develop Saskatchewan’s resource economy. The
province’s economic fortunes increasingly moved to the mines, the oil patch, and the cities. Politicians who once pandered to the co-operative movement now declared their commitment to state-driven resource development, and their devotion to small business.

By the nineties, increasing emphasis was placed on information technology. No longer viewed as mere agricultural service hubs, urban centres assumed an increasingly important role in the emerging research and information-based economy (Fairbairn, 2001b). Saskatchewan’s economic base had moved beyond the farm gate. The province’s social structure, culture, and politics were all dislocated by this seismic shift in the mode of production. The co-operative movement shifted too. The resource boom of the seventies, the IT and deregulation revolutions in the nineties, and the long-range development of the urban prairie all played a role in diversifying the Saskatchewan economy. They also centred the grain economy, producer co-operatives, and the once foundational role of co-operatives in the province’s development.

Given the economics of commercial agriculture and the scarcity of productive land, this outcome may well have been inevitable without a major intervention—such as capping farm size or advancing co-operative farming. As Marchildon (2005) puts it, there is an inverse relationship between farm size and rural population. Among other things, this meant that, over time, unfettered market forces would simply eliminate marginal, and then middle-range agricultural producers. Only smaller operations, subsidized by off-farm income, and the largest, most productive industrial farms would survive. In other words, unregulated commercial agriculture would systematically liquidate the class base of the co-operative movement as mid-sized farms were acquired by larger, industrial farm operations.

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83 One index for the urgent new priority attached to research-led economic development is former Saskatchewan Finance Minister Janice MacKinnon’s comment about securing $170 million in funding for a synchrotron at the University of Saskatchewan: “it was my highest priority in my last two years in cabinet. I had no intention of leaving the government until the synchrotron was landed” (2003, p. 281). MacKinnon also served as Minister of Economic and Co-operative Development and Minister Responsible for Trade, Research, and Investment. By contrast, while her memoirs provide brief but intriguing insights into government relations with the co-operative sector, she is dismissive of co-operative development (p. 75).
This trend to concentration meant the base for agricultural co-operation would grow smaller. As farmers became more dispersed and competitive, their movement would become less cohesive. If the co-operative movement failed to diversify away from its dependency on this declining activist base by making significant breakthroughs in the cities, the industrialization of farming was a self-destruct mechanism for the movement. This is the structural contradiction that defined the rise and fall of agrarian co-operation through the first eighty years of the Saskatchewan movement.

The latest wave of globalization, beginning in the eighties, was triggered by the rise to economic dominance and political influence of multinational and transnational corporations; the articulation and diffusion of a deregulationist political program in the form of the New Right; and revolutionary advances in information and communication technology (Marchak, 1991). Yet, these powerful new economic and political forces merely accelerated underlying trends in Saskatchewan agriculture. Politicians moved more aggressively to deregulate, sign free trade agreements, dismantle subsidies like the Crow rate, abandon rail lines and rural post offices, and realign public policies and programs to “let the market decide.” A century of agrarian agitation to protect farmers from unregulated capitalism was systematically rolled back. At the same time, Canada maintained a laissez faire commitment through the international grain wars, while Europe and the US continued to heavily subsidize their farmers (Pugh, 1991). Farmers felt abandoned by their governments and at the mercy of the markets. But they were being squeezed by more than costs and prices; they were also being politically squeezed. The social cohesion and faith in collective action necessary to mount a spirited defence was also being depleted.

Not surprisingly, efforts to regenerate the co-operative movement in the face of relentless rural decline were uneven. The focus of established co-operative sectors was on defensive retreat to higher ground. The credit union and retailing sectors kept pace through aggressive efforts to centralize and consolidate. By proactively restructuring in the face of rural depopulation, these sectors were better able to meet the challenges of globalization in the eighties. But the Saskatchewan Wheat Pool found itself considerably
more exposed, both to volatile wheat prices and dwindling rural populations. Co-operative options in banking and retailing services were attractive to city-dwellers. Many had grown up in rural areas and carried their loyalty to the local co-operative and credit union with them. A pool created to market farmers’ wheat faced a more daunting task. It diversified away from the declining farm economy but it was stranded in a contradictory new political economy. Just as the rise of the giant Saskatchewan Wheat Pool propelled the further development of co-operation over the first eight decades of Saskatchewan’s history, its demutualization from 1996 to 2007 would spell the end of co-operation’s agrarian era in Saskatchewan.

Perhaps the most striking themes emerging from the Saskatchewan interviews conducted for this study were the lack of established sector enthusiasm for new co-operative development in the globalization era and the related level of frustration among isolated activists in the emerging sectors. This division between the stewards of the movement’s resources and those activists struggling to build new co-operatives fatally limited their ability to shift the culture or policy environment in co-operation’s favour. Isolated childcares struggled to sustain their operations and the province’s remaining community clinics soldiered on. The only real “green shoots” in the eighties were the spill-over of co-operative housing work started in the sixties by the Co-operative Union of Canada (forerunner of today’s CCA) and the Canadian Labour Congress. Together with the Canadian Union of Students (now the Canadian Federation of Students), they formed the Co-operative Housing Federation of Canada (CHFC) in 1968. Shepherded through the seventies by the federally-funded Co-operative Housing Association of Saskatchewan (Cole, 2008), the result was seventeen non-profit housing co-operatives, mostly in Regina and Saskatoon (Fairbairn, 2005; Goldblatt, 2000).

84 A notable exception at the federal level was the 1984 National Task Force on Co-operative Development calling for targeted campaigns to build the worker, health-care, fishery and housing sectors by investing in technical resource groups. This report led to the creation of the Co-operative Secretariat but its recommendations failed to get concerted action from the incoming Mulroney government or their conservative provincial cousins led by Grant Devine in Saskatchewan.
But co-operative housing starts would not spark broader development interest and activity. The partnership model promoted by the National Labour Co-operative Committee (Wetzel & Gallagher, 1987) and embodied in the CHFC would not inspire similar partnerships at the provincial level or among the Co-operative Union of Canada, the Canadian Labour Congress, and other emerging sectors like the worker co-operative or child care co-operative movements. Eventually, housing starts would fizzle out as federal funding plunged from $7.2 million in 1988 to zero in 1992 (Cole, 2008). Neither new sector development nor regeneration of Saskatchewan’s broader co-operative movement would characterize this period. Instead, the overall pattern of consolidation that dominated the movement in the late fifties continued to dominate into the twenty-first century. Worse, global restructuring deepened institutional retrenchment and withdrawal from development activity.

By the end of the twentieth century, fourth wave co-operation would face distinct new challenges. These would include overlapping new crises of authority for the Keynesian welfare state (KWS) and social democracy, both attenuated by economic globalization. Against a backdrop of urban-rural political polarization and the rise of a free enterprising new rural populism, a new generation of activists in Saskatchewan would turn to community economic development and new forms of co-operative enterprise (Fairbairn, 2005). But they would be few, isolated, and lack supportive structures. Like previous disruptions to the province’s economic and social life, globalization and the New Right revolution in Saskatchewan would prompt equally profound and lasting consequences for future co-operative development. From 1980 to 2010, the movement would also be wracked by internal crises—including the demutualization of the Saskatchewan Wheat Pool, which had provided the practical and symbolic foundation for the movement. The co-operative sector was placed on the economic, political, and cultural defensive. Of course, the picture varied by sector and region. However, the Saskatchewan movement overall responded sluggishly to new economic and social problems, new state-priorities, new movement actors, and new economic opportunities. While the movement had rallied in the Great Depression, globalization-era co-operation seemed to lack popular relevance.
Like the welfare state, co-operation in Saskatchewan was entering a period of unprecedented uncertainty and confusion. Sectors adapted and consolidated, but the movement was adrift.

7.1 The rise of the New Right, 1982 - 86

Just as the Blakeney administration’s vision of a “family of crown corporations” was being realized in the early eighties, the tide of public opinion was turning against it. Ironically, it was the greatest achievements of Fabian centralism that evoked the loudest protests from voters. This revealed the ideology’s greatest weakness: cultivating left-populist support. Farmers, in particular, felt besiegged by the farm crisis and neglected by their resource-focused political representatives. Discounting the decentralist ethos of the co-operative movement in favour of bureaucratic planning had contributed to this crisis of authority for Blakeney and the entrepreneurial state he had helped pioneer.

Of course, these wounds were not entirely self-inflicted. The rise of the sixties youth movements, the New Left, the election of NDP governments in Manitoba, Saskatchewan, and British Columbia and the looming spectre of resource sector nationalizations elicited well-funded and concerted social control responses from the corporate elite. Among other things, efforts to discredit the left and deter economic intervention included the launch of the Fraser Institute in 1973 and the Business Council on National Issues in 1976. Extending the ideological, cultural, and political reach of traditional business lobbies like the Canadian Manufacturers Association and the Canadian Chamber of Commerce, these agencies would “rollback” criticisms levelled by the New Left, the underground press, the NDP’s corporate welfare bums campaign, and the Catholic Bishop’s statement (McQuaig, 1992). They took aim, in particular, at the NDP’s socialist wing.

Sensing trouble as the political mood shifted against its aggressive use of public enterprise, the Blakeney regime moved to give co-operative development a more central role. In May 1980, the DCCD developed a report on worker co-operative development, but a lack of dedicated staffing, political desire, and outside pressure prevented
movement on this frontier (Laycock, 1987). In 1981, a new policy and planning unit was created in the Department in an attempt both to play down the administration’s technocratic image and to avoid being marginalized by federal Liberal efforts to rebuild its Western base by building a closer relationship with the co-operative sector. The reorganization—too little and too late—signalled a shift in thinking toward co-operatives as a more central part of economic development strategy. The unit carried out a study for FCL (Argue, 1992).

On April 26, 1982, Grant Devine’s Progressive Conservatives won the largest legislative majority in Saskatchewan history. The new government captured fifty-seven seats, reducing the NDP from a governing caucus of forty-four to an opposition rump of seven. Voters proved receptive to the Tories’ campaign message that the Blakeney regime had fallen out-of-touch; that it cared more about its family of crown corporations than it did for real families. The “Monday Night Massacre” was a seismic shift in political and economic culture.

Co-operative movement hopes for a fresh start with a politically chastened and changed Blakeney NDP were soon dashed. The Devine Tories proceeded swiftly to follow in the footsteps of their anti-socialist Liberal predecessor Ross Thatcher. In its first term, the PCs curbed co-operative support, in line with their neo-conservative populism: funding to the DCCD was discreetly reduced, the new policy and planning branch eliminated, co-operative loan guarantees discontinued, and department staff reduced from 78 to 59 (Argue, 1992).

7.2 Saskatchewan’s missed date with the worker co-operative wave, 1984 - 89
The rise to power of the New Right in Saskatchewan also set the provincial political context in the eighties for the international “rediscovery” of the worker co-operative. As governments cast about for job creation alternatives in the depths of the 1982 recession, news of successful worker co-operative experiments in the United Kingdom, France, and Móndragon—in Spain’s Basque country—made their way across the Atlantic. The Québec government, with a face to Europe, was quick to adapt innovations. It engineered
a breakthrough pilot in youth worker co-operatives in 1983 that helped lay the basis for its CDR Network (Tremblay, 1985). There were four conferences on worker co-operatives in Canada in 1984: in Edmonton, Gander, Montréal, and Victoria (McCarthy, 1985). In May, the National Task Force on Co-operative Development tabled its report, declaring that worker co-operatives were “an idea whose time has come;” they would “become the next great frontier of the co-operative movement” (NTFCD, 1984, p. 69).

The Centre for the Study of Co-operatives was founded at the University of Saskatchewan that July. Its first Director Chris Axworthy quickly embarked for Europe to survey progress in the United Kingdom, France, and Mondragon (Axworthy, 1985). In February 1985, the centre hosted a conference on worker co-operatives, drawing together leading advocates and provincial and federal government representatives. Benoît Tremblay, a leading architect of the Québec development strategy was among the speakers. Axworthy’s study-tour findings were made available as an occasional paper and the conference proceedings published. In 1987, the centre published an international bibliography on worker co-operatives; in 1988 Axworthy and David Perry published a major report on worker co-operative development in Canada. For a time, the Centre assumed responsibility for the publication of Worker Co-operator Magazine. Prospects for a worker co-operative break-through in Saskatchewan seemed good.

Instead, the effort sputtered and stalled. Early research at the Centre for the Study of Co-operatives sheds some light on the difficulty. Certainly, farmers’ distrust of workers and trade unions had deep roots. The NLCC had cited “rural values” as a friction point in relations between the labour and co-operative movements across the country two decades earlier. Among other things, “cost conscious farmers, who work long hours for uncertain income and no fringe benefits, often resent those working shorter fixed hours for assured remuneration” (Wetzel & Gallagher, 1987, p. 11). What lent these historic antipathies decisive effect in the eighties was the flare up of strike activity in the consumer co-operative system. In this period, financial strain on FCL drove a wage-lag relative to its competitors. From 1983 - 85, co-operatives accounted for 37 percent of all strikes in Saskatchewan even though they only employed 6 percent of the province’s unionized
workforce (Wetzel & Gallagher, 1987). Indicative of a situation in which co-operative sector disputes were becoming more frequent, hard fought, and corrosive of member morale and inter-movement social capital was the 1983 strike at the Saskatoon Co-operative. In this instance, over a hundred members petitioned to oust the board of directors (excluding the president) as the dispute ran to three months. 3500 members attended the special membership meeting forced by the petition (Wetzel & Gallagher, 1987). Deteriorating labour relations prompted the Centre’s Director to publish Co- operatives and their employees: Towards a harmonious relationship (Axworthy, 1986). One movement activist consulted for this study described this period as a cultural and political turning point, merely ratifying lingering suspicions that the co-operative establishment had been hijacked, had “sold out” its principles, and was now simply beyond reform.

Laycock (1987) diagnosed Saskatchewan’s failure to catch the worker co-operative wave by citing three factors. First, Saskatchewan lacked a mobilized social base for worker co-operative development. This reflected the conservative agrarian roots of the established movement and the distinctly urban flavour and potential of this new model. Second, concerns that worker co-operatives might put downward pressure on wages fostered union distrust. Finally, he argued, “the provincial government is not ideologically predisposed to promoting new workplace practices and relations of power (except in the negative sense of working to reduce trade union strength in the private and public sectors)” (1987, p. 150). Despite an ambitious and energetic campaign, the CSC initiative was derailed by an entrenched agrarian co-operative sector establishment, an anti-union state, and a distrustful trade union movement. Inertia prevailed and innovation was dealt a stinging defeat.

7.3 Consolidation of the New Right agenda, Devine’s second term, 1986 – 91
Things got worse for co-operative development in the late eighties. Early in their second term, the Devine Tories disbanded the Department of Co-operation and Co-operative Development, reducing it to a branch in the Department of Economic Diversification and Trade. Where the DCCD had brought together a focused workforce of 78 in 1982, by
1987 only 35 staff remained. 22 were re-assigned to the Department of Tourism, Small Business and Co-operatives and 13 went to the Department of Consumer and Commercial Affairs (pp. 122-123). Since taking power in 1982, the Devine regime had cut the number of personnel dealing with co-operatives by more than half. In the new “common sense” of neo-conservatism, co-operatives were like any other business and shouldn’t receive state favouritism; the influence of these remaining co-operative specialists was therefore diminished, dispersed, and diluted.

The general thrust of neo-conservative economics was to make Saskatchewan “open for business,” inviting foreign capital to invest. The Devine administration downplayed the embarrassing collectivist artefacts of socialism like crown corporations and co-operatives. Where possible, crowns would be privatized. Sask Oil was sold in 1985 - 86; the Saskatchewan Mining Development Corporation privatized in 1988; the Potash Corporation of Saskatchewan went on the block in 1989 - 90 (Crown Investments Corporation of Saskatchewan, 2010). In their ideological zeal to move against public opinion to privatize Sask Energy, the government provoked a broad-based, labour-led social mobilization, the NDP walked out of the Legislature, and the Tories’ fate was finally sealed (Pitsula & Rasmussen, 1990).

Moving against co-operatives was even more politically dangerous. They sank deep roots in rural Saskatchewan, the Conservatives’ political heartland. The Devine Tories instead positioned their free market crusade alongside the folksy lineage of the province’s co-operative movement. It was, of course, a contradictory crusade—enlisting agrarian populist affiliation by invoking co-operative traditions, while substantively undermining them. Adopting the euphemism of “public participation” for privatization, Devine compared his campaign to those of the province’s pioneering co-operators.85 However, this substantively anti-co-operative but loudly pro-farmer articulation split the co-

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85 “We are going to take what we’ve been blessed with, and we’re going to get Saskatchewan people involved and roll up their sleeves as deep as they want to go… It will go back to the co-operative movement it will go back to my grandparents that homesteaded here, it’ll go back to anybody that ever believed in building—building, diversifying, growing, manufacturing, and providing opportunities for people all over this province” (Devine in Pitsula & Rasmussen, 1990, p. 153)
operative movement, between conservative and progressive members, and between agricultural producer co-operators and mostly urban consumer co-operators. This was easy politics since co-operation in Saskatchewan had often been as much an agrarian movement as it had been a co-operative movement (Fairbairn, 2005). As Conway (2006) documents, Devine played the “rural card” regularly. To the extent co-operators bought into this anti-urban sentiment, or were constrained by others in their movement who did, the co-operative movement was pushed away from expansion along its urban frontier, falling back instead into a defence of its own heartland. The Conservative strategy to polarize the electorate was cynical and divisive. It also undermined the sense of communitarian solidarity on which co-operative movement expansion depended. The classic co-operative antagonism to capitalist concerns like grain merchants and bankers was discounted. In its place Saskatchewan’s New Right offered an imperilled farm population an assortment of faux new folk devils, mostly slackers and city-slickers from Regina. This city-bashing undermined years of work to move the co-operative movement beyond sheer agrarian class consciousness toward a broader movement (Conway, 2006). As one of this study’s informants argued, it also drove many urban activists, who might otherwise have involved themselves in long-range projects to build housing, childcare or worker co-operatives, to the protest tactics of short-term, defensive politics; first to defend programs under attack and eventually to defeat what seemed to be hopelessly mean-spirited and reckless administration.

Another major public relations manoeuvre to rearticulate co-operativism to the New Right’s agenda was a 1986 pre-election deal with Federated Co-operatives Ltd. The principal beneficiaries of the deal to develop a heavy oil up-grader in Regina were in the “oil patch,” where 1000 jobs were created. Nonetheless, the publicity created by the 80 new jobs at the FCL Refinery helped to demonstrate the pragmatic, populist credentials of the Devine administration. It also affirmed the Conservative critique of the bureaucratic and aloof socialists in the NDP: “They couldn’t do a deal with the Co-operative or with the private sector. But we did,” declared Devine (Argue, 1992 p. 138). The New Grade deal would also create a longer range strain on relations between the leadership of FCL and the NDP.
7.4 The decline of the farm economy

One of the low water marks of the Devine years was a desperate pre-election scheme in 1990 to decentralize 2,000 civil service jobs from Regina to its electoral strongholds in rural Saskatchewan. It dramatized that beneath the ideological surface of the eighties polarization, the real nerve centre of discontent was the shifting foundation of Saskatchewan’s economy—from the country to the cities. Throughout the eighties, the long-range decline of the agricultural economy and the depopulation of rural Saskatchewan continued. About 1000 farm families were forced from the land every year of the Devine administration (Pugh, 1991). Although the resource boom of the seventies was transitory, the Saskatchewan economy was in the throes of a significant long-ranging structural transformation. From 1984 to 1997, agriculture accounted for ten percent or less of the provincial GDP, less than mining and oil extraction, and less than half the value of industrial production (Stirling, 2001). Wheat had been reduced from king to pauper and economically anxious and insecure farmers were not pleased about it.

In an effort to defend the rural way of life and prop up their political fortunes, the Devine Tories poured billions into farm aid packages. Farm subsidies defined a government mainly remembered for its reckless spending and financial mismanagement. Devine racked up nine consecutive deficit budgets and an accumulated debt of $4.3 billion. The list of perks for cash-strapped farmers in the first term is long: interest rate subsidies, cancelled gas tax, low interest production loans, cash advances, tax credits, a farmers’ oil royalty refund, etc. (Pugh, 1991). The net cost to the Provincial Treasury, according to the Devine administration, was about $2.4 billion, or $36,000 per farmer (Conway, 2006). On the eve of the 1986 federal election, Devine also secured a $1 billion promise for farm relief from the Mulroney Conservatives.

In the Devine Conservatives’ second term, the next federal election brought another timely promise of $400 million in drought assistance. The Province pledged $525 million more for operating loans. Despite literally emptying the Provincial Treasury in “defence of the family farm,” this series of ad hoc income transfers actually accelerated the rise of
industrial farming at the expense of the family farm largely due to the practice of making payments on a per acre basis. The number of farm bankruptcies went from 19 in 1981 to 112 in 1988. Others left their farms “voluntarily” as assets were seized or they were forced to sell. In 1981, the province had 67,318 census farms. A decade later, only 60,000 remained (Pugh, 1991).

The farm crisis of the eighties brought into greater relief the long range restructuring of Saskatchewan agriculture. In the five decades from 1931 to 1981, the rural percentage of the provincial population declined from 68.4 percent to 41.8 percent. A decade later the figure had reached 37 percent. The percentage of on-farm population declined from 61 percent in 1931 to only 16.2 percent by 1991. No short-term cash-flow problem, this was a long-range commercial consolidation of the agriculture industry driven by farmers competing with each other to get bigger, encouraged by governments and even agricultural co-operatives. Average farm size almost tripled from 1931 to 2001 (Stirling, 2001).

The eclipse of the family farm, by market forces and state policies favouring corporate agribusiness, placed significant strain on the co-operative movement. In this study, informants recounted how the stress on farm families, including new pressure to find off-farm income, undermined traditional co-operative involvements. Rural depopulation further ravaged the economic and voluntary basis for local co-operatives and credit unions. It forced regional consolidation and eliminated local services. Once-profitable co-operative enterprises struggled. Once-vibrant democratic associations waned. Once loyal members felt betrayed.

7.5 The agrarian political culture shifts
The Saskatchewan Wheat Pool was pummelled by declining member loyalty—as it was forced to close uneconomic elevators, undermined by the repeal of the Crow Rate, and menaced by aggressive transnational competitors in a rapidly consolidating global grains trade (Fairbairn, 2005). In this study, informants recalled how the family farmers who had built the Pool were also drifting apart, both geographically and ideologically. They
managed larger, more capital-intensive operations. As small farms failed and others acquired their land and machinery, sometimes at bankruptcy auctions, a survivalist ethos overtook traditional attachments to the culture of left populism. As farmers drifted toward a new agri-business model, they became more competitive, individualistic, and right-wing. Historical bonds of agrarian affiliation, class consciousness, and unity eroded in the face of competition between producers, diminishing returns from collective action, a co-operative movement in retreat, and the emerging political culture of the New Right.86

As the associational base of the agrarian movement dissolved, co-operation also lost its social base. Despite efforts to revive the left-populist farm agenda by creating the National Farmers Union in 1969, the political culture of rural Saskatchewan gave way to right-wing reaction (Brown, 1997), including angry separatist fringe groups like the Western Canada Concept Party. This shift reshaped the co-operative movement and leadership itself.87 This right turn culminated on the federal stage under the Reform Party, founded in 1987. As the farm crisis deepened and the mood darkened, the Reform Party consolidated this angry populism (Dobbin, 1991). Provincially, Devine also cultivated this deeply restorationist new rural vote.

This rural political realignment “represented radical individualism rather than communitarian populism” (Brown, 1997). It was a new organic ideology that combined male protest, social conservatism, regional paranoia, and anti-urban sentiments with the free enterprising faith of the New Right. The campaign against Ottawa’s gun registry resonated with farmers disappointed by the state’s failure to protect them from structural changes to the farm economy, and exasperated by the endless stream of forms to fill out

86 Brown (1997) argues this right-wing undertow had actually begun much earlier—with the election of John G Diefenbaker’s Conservatives: “The federal election of 1958 was… a watershed which marked the beginning of the end of the old legacy. Diefenbaker in some respects embodied a vague and weakened version of the old populism, but after his political demise western conservatism increasingly represented a regional business class with meaningful connections only to that part of the agrarian class which made common cause with agribusiness” (p. xxvi).

87 As early as 1969, Brown (1973) would mourn the Pool’s fall into conservatism: “Its president, C.W. Gibbings, is also a director of the Royal Bank of Canada and the Western Producer is innocuous and reactionary” (p. 76).
for short-term and politically timed relief payments. Ironically, as the Spicer Commission found, the consequences of economic restructuring were at the nerve centre of this popular discontent, even though that dissatisfaction was being exploited by the right—precisely to accelerate and deepen those processes.88

Tired of waging a losing battle against apparently irreversible market forces, and increasingly eager to simply get the state off their backs, many farmers resigned themselves to free market solutions. Many applauded the privatizations of crown corporations, both as revenue sources to finance farm aid and as blows against a distant and unresponsive state. Ironically, these anti-statist sympathies also extended to efforts to dismantle long fought for gains of the farmers’ movement like the Wheat Board: “A new regional bourgeoisie led by the energy and resource industries, but allied with the most prosperous and conservative sector of the agrarian community, was rapidly becoming the driving force of prairie politics” (Brown, 1997, pp. xxvii-xxviii). In this context of demographic, market, and political transition, the face of co-operation, too, was radically made over. In this period, the co-operative movement itself became increasingly defensive, disengaged from the historic social project of left-populism, and conservative.

7.6 The Romanow years, 1991 – 2007

At the dawn of the nineties in Saskatchewan, the relentless commercial consolidation of the agricultural economy continued. Family farmers were still being squeezed out of the market. Against this dire backdrop, agrarian co-operation seemed to be a spent force. It appeared a change of provincial government could do little, particularly in an age of market liberalization, to rescue the family farm or revive a defeated farm movement.

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88 Canadians “still look to their governments to insulate them from international economic forces, despite the fact that Canadian governments, including the federal government, have been emphasizing the need to adapt and adjust to market forces. Privatization, deregulation, the Free Trade agreement, the Mexican trade initiative, and reinforced attempts to achieve expanded GATT agreements are all cases in point. As a result, many [Canadians] feel betrayed and bereft and are confused and angry. Part of this is due to their sense that traditional Canadian values are being usurped by market forces and that governments are doing nothing to deal with these” (cited in Panitch, 1993, p. 4).
Outside Saskatchewan, Margaret Thatcher and Ronald Reagan had ruled through the eighties. Mulroney came to power federally in 1984 with the largest parliamentary majority in Canadian history (Conway, 2006). He campaigned on a low-key neo-conservative agenda and won a second term over free trade in 1988. As if to emphasize the triumph of market populism, the Berlin Wall fell in 1989 and the Soviet Union collapsed in 1991. Although the Devine Tories had driven the province to the brink of bankruptcy, the emerging global popular culture, diffused by an increasingly homogenizing and hegemonistic Western media and cultural industry, was now underwritten by an all-pervasive New Right common sense (Marchak, 1991; McQuaig, 1992; Pitsula & Rasmussen, 1990). This limited the viability of policy options that contradicted widely-held new popular assumptions about the entrepreneurial or welfare state. Like Blair in the UK, the Clinton Democrats in the USA, or Chretien in Ottawa, the Romanow NDP would rule within the constraints of this residual ideology. For the neo-conservative revolution reached deep into the public’s very definition of reality, thus shaping the political culture and terrain of the nineties.

As it turns out, reviving the beleaguered co-operative tradition in Saskatchewan was the furthest thing from the minds of the Romanow government. They were charged with the urgent task of managing a $4 billion debt inherited from the Devine Tories. The Province’s debt to GDP ratio stood at sixty percent, triple the level of public debt carried by the Blakeney and Douglas administrations (McGrane, 2007). Indeed, in the home of Medicare, a fitting index for the fiscal crisis was the 1993 closure of fifty-two hospitals.

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89 In this conservative restoration of corporate power, the historic rise of the free market ‘think tank’ played a crucial role. In the West, the Fraser Institute had been relentlessly assailing the intellectual, policy, and political foundations of social democracy and laying the groundwork for a fundamental realignment of public policy. By 1996 the Institute funded a staff of 22 out of an annual budget of $2.35 million (Dobbin, 1998). The corporate-funded National Citizens Coalition also played a leading role in spearheading the campaign to disband the Canadian Wheat Board.
(MacKinnon, 2003). The DCCD, abolished by Devine, was not reinstated. Co-operatives branch funding was frozen in 1991 - 92. It received a sixteen percent increase in 1992 - 93 as the state bowed to sector pressure, creating a Co-operatives Directorate within the reorganized Department of Economic Development (Saskatchewan Economic Development, 1992; 1993).

In what came to be known as the “War Cabinet,” the early focus was on rapid deficit and debt reduction. There would be no return to the province’s tradition of active intervention in the economy. There would be no major new social programs. There would be fiscal restraint on the expense side of the ledger and tax and royalty incentives on the revenue side. As one cabinet minister recounts: “The agenda that we inherited in 1991 was overwhelming, as might be expected for a province on its knees. As well as the deepening financial problem, the economy was languishing, the province was mired in an agricultural crisis, and several of the mega-projects were on the verge of collapse.” The party’s left was excluded entirely from cabinet—reassuring nervous credit agencies, investors, and voters that the government would pursue a moderate, fiscally responsible, and business-friendly approach to managing the crisis. Cabinet increasingly viewed the party’s left-wing as a “problem” to be managed (MacKinnon, 2003, pp. 66 - 67).

In the Romanow NDP, the co-operative movement would thus find an unwilling partner. Public finances precluded it, economic development ideology pre-empted it, and lingering resentments with FCL under-wrote it. There would be neither pause to reverse the privatization of the crowns nor cause to ponder the prospects of co-operative development. As MacKinnon recounts, the NDP’s economic development strategy, in contrast to campaign trail stumping for a mixed economy in the eighties, would be unambiguously private sector-led: “By the 1990s … the world had changed” (p. 75). To this end, the Premier convened a full two-day retreat with key cabinet ministers and business leaders. Institutionalized co-operatives were viewed with suspicion and as strategically secondary.
Saskatchewan, it is true, is home to some of Canada’s largest co-operatives, notably the Saskatchewan Wheat Pool, Federated Co-operatives, and Credit Union Central. By the 1990s the major co-operatives—although still committed to the principle of one member, one vote—operated more like well-run businesses, a shift that was symbolized by the decision of the Saskatchewan Wheat Pool to sell shares on the stock exchange. The reality in Saskatchewan as elsewhere in the 1990s was that growth was driven primarily by private-sector business people, and turning the economy around meant inspiring their confidence and encouraging them to invest. (MacKinnon, 2003, p. 75)

Released in November 1992, the government’s economic blue-print reflected an intensification of the Blakeney era New Deal for People turn toward “small business.” Although Partnership for Renewal used the language of community economic development, the network of Regional Economic Development Authorities it launched was intended to support investor-led business development in the community rather than to support the development of the community, upon which the organization of co-operatives depended. Declarations of commitment to a pluralist economic model and the co-operative movement were public relations overtures to the party’s rank and file rather than substantive policy and program commitments. Long forgotten were the promises made in the 1986 election campaign to introduce tax-breaks, loans, preferential procurement, co-operative education, and support to youth co-operatives (Laycock, 1987).

Beneath the veneer of fiscal and economic realism lurked another factor in the government’s turn away from the co-operative model: the troubled relationship between the Romanow NDP and Federated Co-operatives. As if the political affront of signing its deal with the Tories on the eve of the 1986 election was not enough, Cabinet now had to pick up the tab for Devine’s election-motivated generosity to FCL. By 1992, the government claimed to have already lost $307 million, with further losses projected. The alternative was not to pay, push the project into default, and be on the hook for millions in loan guarantees (MacKinnon, 2003). Arguing that the New Grade investment and loan guarantees had compromised the Province’s finances and credit rating, the government
moved to re-open Devine’s deal with FCL. It was preparing, in MacKinnon’s words, for a “public brawl with one of the province’s largest co-operatives” (p. 85).

In other words, the Romanow administration was not simply overlooking the co-operative sector; the co-operative sector, or FCL to be more accurate, was very much in cabinet’s sights. The trouble was that its intention was to disentangle itself from a sector-state partnership, not build one. Even worse, to re-open the deal, the Romanow administration was planning to isolate and discredit the leadership of FCL and divide its membership in a battle for the hearts and minds of the public, FCL’s own members, and the wider co-operative sector. Clearly, New Grade had helped push co-operative policy and program development off the political agenda. While the heavy oil up-grader represented a major step forward in building the economic strength and reach of FCL, it pushed political support for emerging co-operatives two steps back.

Ironically, the Romanow Cabinet’s greatest weapon in its struggle with FCL was the fact the social democratic and co-operative movements overlapped. The government could therefore appeal, behind the backs of FCL leadership, to the memberships’ conflicted loyalties. As MacKinnon (2003) recounts, “We were asking co-operative members to choose: Was their first loyalty to the co-operative movement or to the province of Saskatchewan” (p. 90). Just as the public relations state under Devine had attempted to dilute co-operative identity by subsuming it under a neo-conservative agrarian populism from the right, the Romanow NDP now disarticulated the co-operative social bloc from the “left.” FCL attempted to stand its ground, warning of a shutdown of the New Grade and of downstream effects on vulnerable local retails. It enlisted the Canadian Co-operative Association’s support, threatened court action, and suggested it might move its headquarters to Calgary. But its Achilles heel was that, as a democratic, member-based movement, party activists walked among the membership at FCL meetings. A group called the Concerned Co-operators Federation circulated posters and raised funds for a province-wide campaign against FCL’s intransigence. Many cabinet ministers had deep roots in the movement. MacKinnon herself served as president of the Saskatoon Co-operative in the midst of the public relations battle (MacKinnon, 2003).
On August 20, 1993, nearly two years of struggle ended in a settlement (MacKinnon, 2003). Relations with the province’s co-operative movement remained chilly throughout the NDP’s stay in office. The government had achieved some limited success in lightening its financial obligations. But it came at a considerable cost in trust, goodwill, and missed opportunities. A decade of sector-state partnership in Saskatchewan had been lost, and stocks of social capital were dangerously depleted. Already weakened by the same forces undermining its agrarian base in the nineties, the FCL debacle exacted a heavy toll—in movement energy, focus, and cohesion, in public credibility, and in the movement’s resilience and capacity for expansion. Indeed, the most significant measure undertaken in co-operative relations during the Romanow administration was the passage of enabling legislation for the Saskatchewan Wheat Pool to subscribe outside capital and eventually demutualize, i.e. *The Saskatchewan Wheat Pool Act, 1995*. In this context of profound structural weakness—economically, socially, culturally, and politically—it would be the privatization of the Pool that would deal the authority of the co-operative idea in Saskatchewan its most lethal blow.

7.7 **Privatizing the Pool, 1996 - 2007**

The demutualization of the Saskatchewan Wheat Pool began in March 1996, when it became a publicly-traded company, and was completed with the 2007 dissolution of the SWP in favour of an investor-owned successor firm, Viterra. This episode marked the *dénouement* of twentieth century agrarian co-operation, and producer co-operation, in particular, in Saskatchewan. The Pool, one of the first, the most visible, and largest of Saskatchewan’s co-operatives, was also the province’s largest company. With a staff of 3,000 people, it employed one out of every five people employed in the entire co-operative sector. Its privatization meant the dividends once paid out to Saskatchewan members would be diverted to shareholders, increasingly outside the province. Without member-control, jobs and investments would become increasingly mobile. But the implications of the demutualization of the SWP went far beyond employment and economic development.
The Pool’s democratic structure included 449 local committees and a five-day annual meeting attended by 140 delegates (Rasmussen, 2001). Rolling up this democratic structure eliminated opportunities for adult education, democratic participation, and the experience, knowledge, and skills which those structures of participatory learning had previously enabled. Privatizing the Pool was not only a commercial transaction but also a direct and immediate democratic disenfranchisement, driving the longer-range political deskillng of the province’s grain farmers. The Pool’s “customers” would no longer participate in the company’s management as equal voting members. This was a major structural reform to the province’s political economy. It was regressive, anti-democratic, and devastating to the co-operative movement. For these reasons, subjects interviewed for this study routinely winced, sighed, or vented at length over the fate of the Pool. Almost a decade and a half after its move to market several study subjects still seemed to be angry, in mourning, or both.

This rollback of popular democracy needs to be placed in perspective, as part of the broader trend to centralization of school boards, health boards, retail co-operatives, and credit unions across rural Saskatchewan. Winding down the Pool’s democratic structures further reduced already dwindling opportunities for citizen engagement, participation, and development. As Courtney (2007) illustrates, from 1944 to 2006, opportunities to participate in democratic structures had been reduced by the consolidation of 79 hospital boards to 13, school boards from 5184 to 27, and telephone companies from 1127 to one. Similarly, McLaughlin (1996) shows that consumer co-operative retails had declined from 550 in 1944 to about 200 by 1984. With a later sector take-off, Saskatchewan credit unions peaked at 296 in 1966 (Bromberger, 1973) but today there are only 65 (Saskatchewan Co-operative Association, 2010). In any event, other co-operatives, and levels of democratic governance, had long depended on the spill-over effect of Pool director training and experience for the effective functioning of the broader democratic movement. Pool dues also played an important redistributive role within the movement, helping to support co-operative central organizations like the Canadian Co-operative Association, the Saskatchewan Co-operative Association (which lost about 100 paid Pool delegates to its annual youth camps). The Centre for the Study of Co-operatives at the
University of Saskatchewan also lost a major contributor (although other established co-operatives back-filled). With the loss of a major patron, some organizations found themselves short-funded and less able to focus movement efforts on public education, new co-operative development efforts, and support to emerging sectors. The surviving co-operatives found themselves under greater pressure to step into the breach. The ripple effect of this privatization on Saskatchewan’s democratic and co-operative development infrastructure would be far-reaching indeed; it was a recurring theme in conversations with study participants about the state of the Saskatchewan movement.

The privatization of the Pool is also a case study in cultural politics and a paradigm for the collapse of agrarian left-populism. A decade of farm crisis and capitalist triumphalism appears to have both emboldened predatory demutualizers and worn down a beleaguered agrarian class. Just as the temptation to cash in crown corporations in potash and the oil patch in the eighties to finance farm support payments had weakened their historic support for democratic economic action in the public interest, demutualization became less ideologically noxious as it became more financially irresistible—both to cash-strapped producers and those eager to expand their operations in line with the new thinking in agribusiness. Wealthy farmers were increasingly business-minded and right-wing in their views. Desperate for the one-time, purchase pay-out of their Wheat Pool shares, family farmers agreed—many reluctantly—that it was time to roll-up this outdated experiment. But the privatization of the Pool was also a metaphor for a new agrarian populism, in which the New Right’s capital-led political project was effectively linked to farmers’ sense of self-interest. Although the case to privatize the Pool was made in narrowly economic terms, as a series of incremental business decisions, each move further dissolved the long withering associative ties that had once bound farmers to each other and a left social project. It was also a plebiscite on the agrarian social contract. Yielding to a gnawing sense of historical inevitability and an apparently exhausted popular movement, Saskatchewan farmers’ vote to privatize the Pool seemed like a vote to ratify reality. The decline of the grain economy, the collapse of the family farm, and the retreat of agrarian left-populist culture made the wind-down of the Pool seem as natural, inevitable, and irreversible as the changing of the seasons. In turn, the collapse of
this icon ratified the ‘common sense’ hunch of a new generation—brought up in a market-driven era—that co-operatives don’t work anyhow.

7.8 The Black factor, 1996

In 1996, there was another major industry restructuring in the Saskatchewan economy that would have both direct and indirect consequence for co-operative development: the entry of Conrad Black’s Hollinger Inc. into the province’s already monopolized newspaper markets. By gaining control of all five of the province’s daily newspapers, he secured wide leverage over public opinion. For, as the “medium of record,” the newspaper is the first line of information gathering. It sets the agenda for what daily readers think about, and sets the pattern for framing and interpretation across the province’s rural weeklies and electronic media system.

Black exercised the power of this daily newspaper monopoly on behalf of capitalist proprietors and right-wing politics. He had a political agenda (Black, 1993). Unlike the relatively benign neglect of the Siftons, who were merely out of touch with Saskatchewan traditions like co-operativism (Gruending, 1980), Black was actively hostile to the province’s socialist heritage. Like the legitimation crisis which the privatization of the Pool created for Saskatchewan’s co-operative sector, the Black monopoly lent further moral and intellectual force to the province’s business establishment. Black’s holdings routinely editorialised for market-based solutions and celebrated capitalist enterprise. Black’s contempt for trade unions and popular movements was legendary (Black, 1993; Siklos, 1995; Barlow & Winter, 1997) and acted as a limit on free journalistic expression. After Black fired 25 percent of the staff at Saskatoon’s Star-Phoenix and Regina’s Leader Post, lay-off chill intensified. After the buy-out, complaints abounded about the declining quantity and quality of local journalism at the Leader Post. Editors were rumoured to avoid taking controversial positions that might be at odds with the Hollinger line. Black reinforced the authority of the free market and the investor owned firm in a context where left-populism and co-operative enterprise were already discredited, in decline, and vulnerable.
The Black monopoly also transformed the terrain on which the provincial state manoeuvred. Already sharply constrained in its options by the fiscal and economic contexts, the Black monopoly further narrowed the scope of feasible state action for the Romanow NDP. Policy initiatives that might antagonize the proprietor or his friends would now have to account for the Black factor, his reputation for unpredictable behaviour. This trait routinely devalued share prices (Siklos, 1995). Black was a sworn ideological adversary of the NDP. Like his wife Barbara Amiel Black who attacked NDP premier Bob Rae in *MacLean’s*, he relished public confrontations with the Ontario NDP. A year before he set his sights on the Saskatchewan market, Black even moved Hollinger’s corporate headquarters from Toronto to Vancouver to protest Rae’s labour bill (Barlow & Winter, 1997). Black companies contributed $75,000 to the Saskatchewan Party experiment to unite-the-right (Marsden, 2000). From the inaugural issue of his flagship national daily, the *National Post*, political revitalization of the right was clearly one of his most cherished causes.

It is clear that the Romanow NDP had its own fiscal and economic reasons for not making a priority of more active co-operative development policies. The “Black factor” merely reinforced this drift to the centre-right. As the Romanow NDP moved against its rank and file and social partners to reduce the debt, it had to place a premium on public relations—and good press. The new discourse for the pragmatic centre adopted by siege social democracy locked future NDP governments into that narrative and governance path. Ironically, however, Conrad Black’s ideological flamboyance also had contradictory consequences for the province’s political culture and emerging co-operative sectors. Just as the vitriolic opposition of Conservative N.F. Davin’s *Leader* had inadvertently provided the Wheat Pool campaign with attention, controversy, and broad popular sympathy in the early twentieth century (Browne, 1973), the layoffs and political agenda of Conrad Black also reinforced popular distrust of corporate monopoly in general and deregulated media monopoly in particular.

Emblematic of the contradictory consequences of Black’s arrival in Saskatchewan was the rise of a small worker co-operative, the *prairie dog*, which published an alternative
newspaper in Regina. Like SGGA members who relished their Guide’s broad-sides against the excesses of Davin’s opposition to pooling seven decades earlier, the prairie dog fiercely opposed the Black monopoly. Over the next several years prairie dog would articulate an alternative, urban, progressive world view to an ever-expanding audience. It went from monthly to bi-weekly; from a one title shop in Regina to launching a second publication, Planet S Magazine, in Saskatoon; from a print-only format to a full range of online media, including web-sites, blogs, Facebook pages, and Twitter in both cities. Although prairie dog was launched in 1993, well before Black arrived on the scene, Hollinger’s market entry provided forceful impetus to the co-operative’s growth and helped secure it a faithful following that now numbers about 60,000 readers in each city. Although isolated and under-capitalized, this was a high profile success for urban co-operative development. The prairie dog rearticulated a contemporary, urban left populism. It also helped to make the case for, and profile, several important innovations that were taking shape in the otherwise under-reported New Social Economy.


The developments of the eighties and nineties were, on balance, bleak for co-operation in Saskatchewan. They included the privatization of the Pool; a profound and protracted disengagement of the state; a dramatic consolidation of established sectors; and an increasingly hostile political culture for co-operative development. Worker co-operation was largely the collateral damage of this train of events. Nonetheless, green shoots emerged in new fields of co-operation. New generation co-operatives were promoted for value-added processing such as pasta plants (Fulton, 2001) and organic farmers formed their own pool. But like the new wave co-operatives of the sixties and seventies, most new activity was in the cities. Unlike previous co-operative waves which engaged in economic activity to redress gaps in market provision, these co-operatives often delivered social services to redress failures of the state (Fairbairn, 2005).

The social focus of much of the new wave co-operatives expressed a few factors. These new co-operatives were often launched by young students or unemployed urban workers who lacked the financial resources and established organization of farmers. Generally,
farmers had considerable assets and credit facilities for co-operative ventures and a clear business focus on the “bottom line” of their farm operations. Also, unlike the agrarian tradition, which had a series of historic patrons in the TGGA, the SGGA, the UFC, and the Wheat Pool, these co-operatives were largely isolated. Lacking the market or movement resources that fostered the “old co-ops,” and confronting a lack of technical and financial assistance, they were dependent on state subsidies for employment, training, or social service provision. Finally, they often found themselves developing the community itself. They were not embedded in a unified, well-structured, and powerful agrarian movement. Rather they pioneered the precarious early stages of a more nebulous process of urban community development. Combating social and economic exclusion in the urban realm requires a strong focus on social as well as employment objectives.

There were other reasons for the social focus of the new urban co-operatives. The retreat of the state from social provision meant these emerging needs drove co-operative proponents. Many came to co-operation through urban-based movements. The paucity of financial instruments (and technical assistance and promotion) for launching new, market-based enterprises also acted as a deterrent to co-operative risk-taking without some kind of state-sponsored employment subsidy or fee for service. Finally, the career paths of many young activists who might otherwise have worked in the (downsized) public sector or the (largely de-funded) non-profit sector were blocked by the recession of the early eighties and federal and provincial funding cuts. Through co-operation, they strove to find new ways to create an economic base for meaningful public service.

The reality gap separating the old and new co-operatives was wide. The ranks of the established co-operatives were rooted in the bread and butter economics of the agrarian tradition. These strange new co-operatives were emerging from the radically new conditions and struggles of twenty-first century urban Saskatchewan. This posed a considerable cultural barrier to co-operation between old and new co-operatives. The case of childcare illustrates. In this period, the increased need for childcare drove modest sector expansion. However, as lagging provincial social policy in this area indicates (Martin, 2001), many old-timers in Saskatchewan had a hard time making their peace
with the idea of women in the workforce. Shockingly, from 1992-2004, regulated childcare spaces increased less than 2 percent and were available to less than 5 percent of Saskatchewan children under 12 years of age (Friendly, 2005). For rural residents, support to the provision of childcare was often seen as a perk to urban families. For the religious right, it eroded the traditional family. Just as rural social conservatism was a barrier to provincial childcare reform, attachment to patriarchal “family values” explains some ambivalence among co-operators to support the emerging sector.

Contradictions in the co-operative movement on childcare illustrate the cultural resistance that many new urban-based co-operatives faced from the traditional wing of the co-operative establishment. The Wheat Pool, for example, functioned as an all-male preserve for over half a century; the first woman attended as a delegate in 1981 (G. Fairbairn, 1984). Despite the agrarian co-operative movement’s many democratic and progressive achievements, feminism encountered resistance in established ranks (Theis & Hammond Ketilson, 1994). As Fairbairn (2005) notes, many of the new co-ops have a greater proportion of active women members: emerging sectors, such as housing, health-care, childcare, and some worker co-operatives therefore have an important role to play in building gender equality across the movement. Ironically, a significant barrier to co-operative participation and development activity in the age of the two-income family is precisely a lack of affordable quality childcare in Saskatchewan.

Through the eighties and nineties, the deficiencies and retreat of the welfare state also stimulated experiments in new social co-operatives, such as training businesses. In 1983, the Crocus Co-op, for example, was launched in Saskatoon as a self-help organization for people with disabilities (Fairbairn, 2005). Like Moose Jaw’s Churchill Greenhouse Co-operative or Regina’s Crackerjack Janitorial Co-op, it provided employment opportunities for people with disabilities. The short-lived Marina Restaurant in Regina and the more resilient Core Neighbourhood Youth Co-operative in Saskatoon (Tupone,

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90 There is an element of historic regression to this given the strong role played by women such as Violet McNaughton (Taylor, 2000) and Annie Hollis (Holtslander, 1998) in the formative periods of the agrarian co-operative movement. Ironically, this participation also created important historical connections to the suffragette movement, for which the agrarian press (and women journalists) crusaded.
2003) created work opportunities for disadvantaged inner-city youth. The Regina Women’s Construction Co-operative aimed to train women for the trades (Co-operatives Secretariat, 2000). Even Regina’s alt-weekly newspaper co-operative, prairie dog magazine, got its start by providing work-training to the unemployed, funds helping cover start-up costs and losses. Movement entrepreneurs found available resources, innovating to meet their communities’ needs. But the lack of a well-articulated support system for new co-operative development left these co-operatives vulnerable.

In contrast to the agrarian era, all these co-operatives place a premium on employment, the classical concern of urban workers. While many of these training businesses cater to marginalized populations, this created its own tensions with the co-operative establishment. Agrarian co-operation was steeped in the contradictory class interests of farmers, often indifferent to the rights of their own workers (Wetzel & Gallagher, 1987; Axworthy, 1986) and hostile to trade unions (Knuttila, 1994). Historic class antagonisms were built up over the years between Saskatchewan’s workers and farmers through lockouts and strikes at co-operatives, dairy plants, railways, elevators, and grain terminals. These conflicts all jeopardized farm income.

The failure of the worker co-operative campaign in the mid-eighties provides one example of the province’s contradictory co-operative culture. Ironically, while farmers pride themselves on their stubborn individualism, and being their own boss, the notion of worker self-management did not resonate. This selective celebration of democratic equality within the agrarian-led co-operative movement only “broadened out” to include consumers through the largely agrarian-driven and supported consumer co-operative and credit union movements. While the early movement matured from an exclusive focus on producer co-operation to a broader communitarian conception, the fall of the Pool (and producer co-operation more generally) engendered a shift toward the dominant Fabian conception of co-operation in which the consumer is king. Just as worker involvement was marginalized by the residual tradition forged by agricultural producer co-operatives,
the now-dominant consumer co-operation also marginalized workers as development actors.91

Additionally, the co-operative movement is led not simply by farmers but also by a large cadre of managers. Like their historic class antagonism to unions, they have their own professional self-interest in arguing against the notion of worker self-management. Calls for forms of increased employee participation are viewed by many as a threat to their role, status, and authority. In worker co-operatives, managers may see a domino effect that would give their own work forces troublesome ideas about industrial democracy. This bias also taints the wider family of worker-inclusive co-operative models, like worker-shareholder co-operatives, multi-stakeholder co-operatives, and student co-operatives.

In a movement dominated by farmers and managers, the cultural politics of worker involvement in co-operative governance are certain to arouse latent class and ideological antagonisms camouflaged in a variety of reactionary rationalizations. Worker co-operatives are thus multiply tainted: as not real co-operatives, as an ill-conceived model, as closer to the labour movement, and as somehow smacking of socialism for extending the democratic franchise to the workers. Arguably, worker-led co-operative development efforts are better able to address urban concerns with employment, and to broaden out the movement beyond its present confinement to a shrinking base of agricultural production, finance, and retailing. The cross-sectoral range of applications offered by worker-inclusive models uniquely equips them to help the co-operative movement penetrate the urban-based service and manufacturing sectors. Yet, the province’s agrarian history, managerial ideology, and consumer co-operative hegemony all cast long shadows over these possibilities. Finally, at the public policy level, the worker-involved co-operative models are equally distrusted by the political left and right. Fabians, on the left, question

91 The district structure of FCL illustrates. Of nine district representatives for Saskatchewan, seven live in rural centres and one lives in Swift Current. The Saskatoon representative is a farmer. In part, this rural dominance reflects FCL’s vast network. It also reflects the greater stake farmers place in patronage refunds which apply to gas and agricultural supplies and are thus part of their business operations. This goes some way to explaining the ‘cult of the cash-back’ within FCL circles when emerging co-operatives complain that the multi-billion dollar federation is unsupportive of new sector development. It also underscores the fact that even ‘consumer’ co-operation is still farmer-rulled in Saskatchewan (FCL, 2010).
the plausibility of worker co-operatives under the influence of the Webbs’ degeneration thesis\textsuperscript{92} and fear that the notion smacks of “communism.” Investor-ownership proponents view the notion as a further competitive encroachment on capitalist firms. In modelling democracy in the firm, they also fear the model’s success may undermine managerial and proprietary authority generally.

More promising than the entrenched resistance to social innovation characteristic of the co-operative establishment is the pioneering role of an inner-city Saskatoon community economic development corporation. It has provided important urban shelter and stimulus to new co-operative development. The Quint Development Corporation, which unites five core neighbourhoods, provided vital management assistance to the Core Neighbourhood Youth Co-operative. This carpentry training business was established in 1996 to create opportunities for inner-city youth (Tupone, 2003). Quint also spearheaded a pioneering program in co-operative home ownership in the core neighbourhoods. While these experiments remain neglected on the margins of the established co-operative sector and public policy, Fairbairn (2005) argues they may be exemplars of movement regeneration: “After a lengthy period of maturity and relative stability, there are signs of fresh dynamism driven by new, predominantly urban needs. These signs include the health, housing, and social service co-operatives of the post-1960 era, and even more recent inner-city development organizations, worker co-operatives, social co-operatives, youth co-operatives, and others.” However, this possibility is contingent on a shift in thinking and energy toward this new co-operative frontier: “It remains to be seen whether these new co-operatives, in Saskatchewan, will create a new cultural momentum” (p. 53).

\textsuperscript{92} Prejudice against worker co-operation reaches its ideological apogee in the ‘degeneration thesis.’ First put forward at the turn of the century by Fabian Beatrice Webb (1899), her “criticism was twofold: that the poor performance of worker co-operatives was due to their not allowing managers to manage effectively and without interference, and that if they were successful they had a tendency to limit membership and to deform into petty capitalist enterprises” (Birchall, 1997, pp. 23-24). This fed the reductionist argument that worker co-operatives are doomed to fail due to an intrinsic, ‘fatal flaw’ in their design rather than the hostile environment for development they faced. ‘Common sense’ rationalizations abounded. Workers would sell if their firm was successful. It would fail as they chose raises and bonuses over long-range reinvestment. Given the much-publicized, painful failure of the SWP, fatalism toward the worker co-operative option only deepened in Saskatchewan as agrarian co-operation collapsed.
Certainly, Quint was frequently cited as a model among Saskatchewan respondents interviewed for this study.

Among the achievements of these otherwise marginalized and isolated experiments was their influence on provincial policy and program realignment. Ironically, the collapse of the Pool lent further force to the claims of the long-neglected emerging sectors with a panicked and chastened established sector and state. In the Romanow administration’s second term, co-operatives gained a higher profile as the department was renamed Saskatchewan Economic and Co-operative Development in 1996. However, funding would not reach its new 5-year norm, in the $725,000 range, until the 1997 - 98 budget (Saskatchewan Economic and Co-operative Development, 1997; 1998; 1999; 2000; 2001). A state-sponsored international conference on co-operatives in 1995 provided some comfort in the aftermath of the FCL struggle and the approaching privatization of the Pool. It also signalled a qualified re-engagement and modestly improved prospects for active co-operative development policy.

In 1997, the Province engaged the sector’s complaints over limited development capacity by circulating a discussion paper on reorganization options (Co-operatives Directorate, 1997). This effort was driven by an effort both to rebuild damaged state-sector relations and recognize that co-operatives and community economic development strategies had a role to play in shifting new economic and social conditions under globalization (Co-operatives Directorate, 1993). The Romanow administration increased its co-operative development budget by $285,000, presaging the launch of the Co-operative Development Assistance Program in June 1998 to provide annual financial and technical assistance to up to ten new co-operatives. While this was an extremely modest gesture in support of new co-operative development, it was an important break with orthodoxy (that co-operatives should not receive financial assistance from the state and should simply be treated like other businesses). This pilot program was a decisive break from a passive tradition of regulatory oversight and technical assistance to experimenting with active development assistance. The state took note of the urban resurgence and felt established
sector and grassroots pressure to respond. However, this reappraisal also represented a major missed opportunity.

The 1993 document was revealingly titled *Building Effective Partnerships: The Co-operative Sector and Government in Saskatchewan*. It intimated a significant policy and program surge, including the re-introduction of focused research and analysis capacity. Like the research and education surge for worker co-operatives led by the Centre for the Study of Co-operatives in the late eighties, the state also articulated a new conception of co-operative possibility. Influenced by CED currents, the new partnership was based on the government’s understanding that there was a “logical linkage between co-operatives and this area.” In the 1993/94 budget, the Assistant Deputy Minister responsible for co-operatives assumed responsibility for community economic development (Co-operatives Directorate, 1993). In part, this reorientation reflected work undertaken by the CSC in 1992 for the federal-provincial Task Force on the Role of Co-operatives and Government in Community Development (Hammond Ketilson et al., 1992).

Driven to mend fences with Federated Co-operatives Limited and the co-operative establishment, the Directorate report emphasized the leadership role of the old co-operatives. The first objective for the new Directorate was "Improving and strengthening relations between the co-operative sector and government, and fostering an awareness of co-operatives and the co-operative model in all areas of government” (p. 9; my emphasis). Indeed, the administration appointed a sector representative from the Saskatchewan Wheat Pool as Assistant Deputy Minister for the Directorate.

However, as would soon become clear, the administration’s conception of co-operative community development did not necessarily assign a central role to co-operatives in community economic development strategies. Prefiguring the 1993 introduction of the network of Regional Economic Development Authorities, the Directorate document noted, “Co-operative governance may also be appropriate for regional economic development planning, which would encourage communities to work together to maximize economic development by recognizing and building on regional strengths and
opportunities” (p. 10). The directorate sold the REDA network as a “co-operative approach” even though the network regionalized the investor-privileged development model, rather than provide specific support to co-operative development.

A more significant structural reform was the Province’s response to Quint’s grassroots efforts in the distressed core neighbourhoods of Saskatoon to establish a community development corporation. Part of a groundswell of activist commitment to take direct action to curb poverty, unemployment, the sexual exploitation of children, and sub-standard housing, the Quint Development Corporation was founded in February 1995. Although it took three and a half years for the state to respond to this citizen initiative, the Neighbourhood Development Organization initiative was launched in August 1998. This program was an admission that REDAs were really traditional business development organizations rather than co-operative or community development agencies. It also recognized that urban poverty and under-development required unique institutional responses. The program provided core funding support to a network of four NDOs. In addition to Quint in Saskatoon, new NDOs were established in Prince Albert, Moose Jaw, and Regina. Although the funding was extremely modest—at about $100,000 per NDO per year over its first decade of operation—this response also reflected a further shift in policy thinking. From the segregation of economic development and welfare provision, this policy shift suggested an integrated urban focus and positive welfare policy. Community and co-operative enterprise assumed new significance.

In part, these experiments on the Saskatchewan policy frontier reflected the increasing influence of New Labour’s “Third Way” reforms in the UK (Giddens, 1998). New Labour borrowed from the experience of American community development corporations in addressing inner-city blight. It argued for community-building strategies to tackle poverty, including a shift from the discredited policies of a now besieged welfare state toward a “social investment state.” It would strive to revitalize civil society, in part, through the active support of government for the social economy within a “new mixed economy” (Giddens, 1998, pp. 99 - 128). The introduction of the Co-operative Development Assistance Plan (CDAP) in June 1998 and the Neighbourhood
Development Organization (NDO) program in August 1998 marked a significant policy break, both from the Blakeney NDP’s commitment to a generous welfare state subsidized by aggressive resource sector entrepreneurialism in the seventies and the neo-liberal emphasis of the early Romanow regime on free markets and fiscal austerity in the nineties. In this turn toward the third way, civil society would loom larger as a development actor. Since the province had well-established co-operative traditions, institutions, and resources, this more balanced approach represented a significant opening for a new *rapprochement* between the sector and the state. Unfortunately, this promise remained largely unfulfilled due to continuing strained political relations with the established sector leadership (particularly FCL); the disconnect between the established sector leadership and the emerging, largely urban co-operatives; the minimal funding provided by the state; and the confusion and ambivalence toward these efforts among the down-sized ranks of the civil service. For example, public servants had trouble deciding whether the NDOs should be housed in the economic development or social services ministry. Important new initiatives as they were, the CDAP and NDO programs were modest and not integrated within a coherent and coordinated community economic development strategy. As a result they generated half measures in the field and disorientation in government.

Characteristic of the promise and perils of rethinking co-operative development was the “return to the drawing board” in 1997 represented by another discussion paper. Prepared by the Co-operatives Directorate, it clearly expressed a crisis of confidence, at least among some elements of the co-operative sector, in the government’s commitment or capacity to effectively drive co-operative development. As the opening paragraph notes: “Currently, discussion is occurring around how best to support the development of new co-operatives and *who should provide support*” (Co-operatives Directorate, 1997, p. 3; my emphasis). The study reviews three co-operative development agencies, each sector-driven and autonomous from government and an option for an expanded and adapted model for the Directorate with greater sector input. The Co-operatives Directorate (1997) discussion paper represents an important intervention in framing the issues and proposing solutions. It also clarifies some of the conceptual barriers to effective development in
Saskatchewan. A close reading of this paper provides significant insights into prevailing conceptions.

First, the report is truncated. It brackets larger questions of strategic sector development in favour of discrete services delivered to individual start-ups. Simplifying somewhat, the paper proposes that effective development support rests on six key functions: promotion, information, education and training, organizational development and planning assistance, business development and planning assistance, and co-ordination and referral (pp. 13 - 14). An accurate and comprehensive account of a reactive, inquiry-driven model, it lacks a strategic macro-conception in which this agency might lead sector development efforts for promising new and emerging sectors; undertake research to identify new models and strategies that have proven successful elsewhere; review policy and program frameworks (taxes, laws, incentives); or investigate the creation of new financing tools for co-operative development. Rather than articulate an agenda to inform development strategy, this approach is based on a limited conception of service delivery. Ironically, as the paper notes, this is precisely the reactive approach that had been the source of much frustration:

Staff in government who provide support do not seek out or promote opportunities but rather wait for individuals, groups or communities to approach them with a request for services. Generally, support is provided to the point of incorporation and bylaws and in filing documents required by the Department of Justice. The focus is on liaison with government regulators with respect to compliance with legislative and regulatory requirements. This has been the predominant approach utilized by government field staff in recent years, primarily in response to staff and budget reduction. (pp. 10-11)

Second, this report selects stand-alone co-operative development agencies as options: two American co-operative development organizations and one from Atlantic Canada (p. 16). The exclusion of Québec’s network of regional development co-operatives seems odd. It had already achieved significant success in its first decade of operation. Its uniquely decentralized structure seems particularly consistent with the needs of a sparsely populated province like Saskatchewan. Further, its structure mirrors the logic and intent
of the RREDA network, launched mere years earlier by this very department. By contrast, the sole Canadian model considered, the Regional Co-operative Development Centre in Atlantic Canada, was in only its first six months of operation at the time of the report. It had no meaningful track record.

Finally, the report’s recommendation is illuminating. Rather than building a new, stand-alone, movement-governed development agency, it calls for improvements to the Directorate. It is perhaps not surprising that civil servants would recommend against contracting out their own jobs. Indeed, this incentive may even explain the impulse to “stack the deck” against structural reform by excluding consideration of the Québec network. This is the third important theme that the 1997 discussion paper highlights: the insecurity of the civil service and, related to this, the “either/or” construction of the development problem. This frame retrenches institutional protectionism, setting up a win/lose outcome for either the sector or the civil service. It also rules out the possibility of “both/and” solutions, in which independent capacity would be viewed as a complement to, and extension of, public service infrastructure. Building on existing capacity would truly expand the scope and reach of development action rather than simply transferring resources from one organization to another. The stop-gap solution, to hire two development officers and propose an advisory group with representatives of the sector and the CSC (p. 24), would only protract sector-state antagonisms over development strategy. It would not resolve them. As a result, the development gridlock continued into the early dawn of the twenty-first century.

7.10 The Calvert interregnum, 2001 - 2007

The decline of the provincial debt and the retirement of Romanow and several of his senior cabinet ministers changed the political environment for co-operative development.

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93 A couple of possibilities are: first, that the CDR concept seemed ‘too rich’ for the Province and was simply kept off the table to avoid raising expectations; and second, that, political posturing aside, the administration was not really committed to effective development capacity because it viewed the marginal utility of investments in this sector as uncompetitive with investor-owned firm sponsorship. In this cynical view, the policy objective was to minimize costs to co-operative development while meeting the political objective of keeping up appearances of commitment to the sector. Another option is that the unit simply lacked knowledge of the CDR model, an unlikely explanation.
only slightly. The new Premier Lorne Calvert softened the NDP’s hard-line on private sector-led development and he loosened the purse strings for new initiatives. New faces in Cabinet also eased political tensions somewhat with the co-operative sector. Nonetheless, Calvert inherited a minority government in 2001, was elected with a narrow majority government in 2003, and continued to steer a moderate course. Much as the Romanow NDP was captured by credit-rating agencies and the right-wing press monopoly to pursue an agenda of fiscal restraint and economic liberalism, the Calvert cabinet was similarly constrained by the politics of legislative survival. They had been “captured” by the short-term need to get their bills passed, avoid controversy, and woo the centre-right swing vote. There was little room for new energy, new ideas, or new initiatives in co-operative development. Neither the tired legislative ranks of the Calvert NDP, fighting for their political lives against a swelling conservative tide nor the retrenching foot-soldiers of the established co-operative sector would arrest the policy drift. The sector-state chill may have thawed, but the development stalemate continued.

This was a period of mixed results marked by new frustrations between established co-operative actors and the NDP but there were also modest gains for community-based co-operative initiatives. Several benefited from the supports provided by CDAP and the NDOs. In 2006, the Saskatchewan Co-operative Association—under fiscal pressure from lost Pool dues and political pressure from emerging co-operative sectors—proposed a Co-operative Development Centre to the Calvert NDP. After a lost decade, it was a full-circle return to the discussion paper of 1997. A development committee was formed by the SCA in 2003, its members developing a demonstration home-care co-operative in Tisdale and a funeral co-operative campaign in Regina. When negotiations with the Province collapsed over funding for the Centre, the committee ceased meeting. Instead, its members continued to provide direct support to the new co-operatives. In 2006, the SCA contracted a co-operative developer from BC to deliver its first training workshop for developers. This was well attended, demonstrating an active, engaged base of committed new co-operative organizers on the ground despite the disinterest and inertia that plagued the upper ranks of the established sectors. Two more workshops have since
been hosted. Moreover, without a development strategy to plug into, activists remained largely isolated and without an agenda.

Still, there were other green shoots. In 2006, in response to a rash of plant closures, particularly in the distressed forestry sector, serious discussion began about building rapid response capacity to save at-risk jobs in the region. The objective was to assist workers in mounting union-led, co-operative conversions. It was spearheaded by a new inter-provincial co-operative support organization called Co-op Ventures, a worker co-operative with three members experienced in worker co-operative development—one each in Manitoba, Saskatchewan, and Alberta. Discussions between the Canadian Worker Co-operative Federation and the Canadian Labour Congress gradually led to a September 2006 summit of worker co-operative movement and labour movement activists in Saskatoon, attended by two study informants and the author. Resource people included Lynn Williams, former President of the United Steelworkers of America, with substantial experience with several steel-plant rescues in the 70s. Participants agreed to form a steering committee to maintain the movement-to-movement dialogue and to support Co-op Ventures’ efforts to secure resources for further study and initiatives. These included the development of educational materials for labour schools, workshop materials, and a series of buy-out guides. In October 2009, as the global recession deepened, the United Steelworkers of America announced a partnership with the Móndragon worker co-operative complex from Spain’s Basque region. The groups would work together to convert at-risk plants in North America to co-operative worker ownership. Although the agreement terms were sketchy, this increased interest and excitement in possibilities for collaboration.

However, those developments took place on the margins of the official co-operative movement and engendered little interest or involvement from co-operative ranks or government personnel. Given the historic antipathies between the co-operative and labour movements on the Prairies, organizers judiciously kept established co-operative sector representatives at a safe distance through the delicate formative stage of this initiative. They realized trade unionists needed a “safe harbour” to explore their doubts, vent their
grievances with established co-operatives and governments, and “own” the initiative if it was to move forward. This was one of the lessons learned from the failed worker co-operative conference held in Saskatoon in 1985. As Laycock (1987) recounts, trade union members and worker co-operative activists were antagonized by junior Provincial officials who lauded the “employment co-operative” model as a simple job creation tool. They even suggested it was an attractive alternative to union shops. The spectre of worker co-operatives being used by a conservative government to bust unions had effectively sabotaged the involvement of the trade union movement in any effort to establish development infrastructure for worker co-operatives (Laycock, 1987). It had set back the movement at least two decades. By contrast, this effort was led by April Bourgeois, a former Regina and District Labour Council representative. She became the publisher of a union-backed, alt-weekly newspaper, prairie dog, a high profile worker-co-operative success story (CCA, 2007b). Its publisher had earned the trust and respect of the Saskatchewan labour movement. Involved in the Canadian Worker Co-operative Federation from 1994 to 2010, she went on to serve as CWCF President from 2007 to 2009. The daughter of a Regina steelworker, she was well positioned to bridge the two solitudes of the province’s trade union and co-operative movements.

Also in the period of the Calvert NDP, the government joined a major development project in the core neighbourhoods of Saskatoon, Station 20 West. Under the leadership of Quint, this multi-purpose project would house a co-operative grocery store, a community clinic branch, a public library branch, a dental clinic serviced by the College of Dentistry as a training facility, an open air-stage, and 55 units of affordable housing. This was a landmark initiative in community economic development and had significant symbolic as well as practical significance. It was the locus of considerable excitement, energy, and renewed hope for inner-city cultural and economic rejuvenation. It also promised to serve as a flagship for the co-operative movement and model as part of wider movements and partnerships for inner-city reconstruction. Quint was a key intermediary institution in anchoring the co-operative movement in contemporary urban needs and development. Like the formation of Quint a decade earlier, Station 20 West represented a
major scaling up of community-led development in the political economy of inner-city Saskatoon. It was a symbol invested with great promise—until provincial election day.

7.11 The Wall regime, 2007 –

The Saskatchewan Party had united the right from the ashes of the provincial Progressive Conservative party. The Tories, discredited by gross mismanagement and disgraced by fraud charges, had gone underground. This enabled the Saskatchewan Party to cobble together a free enterprise coalition of Reformers, right-wing Liberals, and old-time Tories. The party’s rural base had made sufficient urban inroads by 2007 to form government. It wasn’t long before their agenda was clear. They established a business roundtable, Enterprise Saskatchewan, to do an end-run around the civil service. It placed policy-setting directly in the hands of party strategists and business leaders. The Ministry of Industry and Resources was dissolved. While some co-operative and union leaders were co-opted into the new body, Enterprise Saskatchewan was intended to act as an agent of aggressive, fast-track neo-liberal reform. In the first year, the co-operatives budget was cut by six percent (Saskatchewan Regional Economic and Co-operative Development, 2007, p. 16; Ministry of Enterprise and Innovation, 2008, p. 21). In the next year, the ministry’s annual report ceased to report targeted expenditures on the co-operative’s branch altogether (Enterprise Saskatchewan, 2009, p. 16).

In the Saskatchewan Party’s vision of free markets and private-sector-led development there was little room for public, co-operative, or community enterprise. For example, in their first year of office the Wall administration decided to move the NDO program from the Ministry of Enterprise and Innovation to the Ministry of Social Services (Ministry of Enterprise and Innovation, 2008). This aversion to community-led development was illustrated more dramatically on March 27, 2008, when the government moved against the Station 20 West project. It cancelled the previous government’s $8 million funding commitment, declaring it was not in the business of subsidizing “shopping malls.” This move was a serious setback to the project, which fell back on fundraising for a scaled-down development. It was also a blow to the community. The co-operative grocery store would have been the inner-city’s first full-service grocery store since an OK Economy
and a Safeway on 20th Street closed their doors in the nineties, leaving some residents to foot the bill for up to $100 a month in cab fares to get to suburban grocery stores (Purdy, 2007). In fact, a controversial report found the incidence of diabetes in the core neighbourhoods was thirteen times the city-wide average. Researchers argued this was a direct result of the “food desert” in the inner city, which drives people to shop at convenience stores where fresh fruit and vegetables are unavailable (Simcoe, 2008).

The government’s justification was revealing. Premier Brad Wall argued the market should drive development and that state participation placed it in competition with private sector grocery stores or landlords that may be adversely affected by the project.94 NDP leader Lorne Calvert denounced the government’s withdrawal from the initiative as an ideologically-driven antagonism toward community economic development and co-operative development.95 Editorialists were quick to attack the ideological character of the funding cut (Klein, 2008; Mandryk, 2008) as short-sighted, out of touch with the real needs of the urban poor and an exercise in pandering to its pro-business and rural political constituencies. It also revealed a clear bias against co-operation and community-led development, a fact not lost on Saskatoon interview subjects for this study.

Clearly, the idea of a full service grocery store in the inner-city had also antagonized the private retailers in the neighbourhood. A new centre of commercial and community activity also created a backlash from a neighbourhood business district. Arguably, the Saskatchewan Party merely acted on behalf of its business backers and in line with its conservative principles. But the neighbourhoods fought back. As revealing as Premier Wall’s justification for cutting the project’s funding was the breadth and depth of this

94 “We ought not to be in the mall business and it’s just, it’s a different approach. We don’t think that the Government of Saskatchewan should be opening up basically a mall development, where we’d be competing with grocery stores, competing with others who are already renting (facility space) now to community clinics in the area” (Wall cited in Coolican & Wood, 2008).

95 “I know the Premier has a problem with any kind of community-based economic development initiative. This is a private-sector co-op, no different that any other co-operative that you would find in a small town… Maybe (Wall) thinks everyone should shop at Wal-Mart. I guess that is his concept. Well, I’m sorry. The folks that I met on 20th Street yesterday maybe have little kids and carriages and they can’t get over to the Wal-Mart” (Calvert cited in Coolican & Wood, 2008).
popular backlash. It was quick. It was articulate. It was well organized. It was forceful. And it was sustained. Within days, outraged letters began to flood the local daily newspaper. Within a week, a Facebook page was launched and had logged 4200 members (Mario, 2008a). Within two weeks of the announced cut, 2500 residents turned out to a protest walk on April 5. It was the largest protest in the city’s history. Ten thousand dollars were raised on the spot (Mario, 2008b). A Friends of Station 20 West planning meeting was called for April 24. 175 people showed up. 150 cheques followed the protest walk. Trade unions also stepped up, with the Saskatchewan Union of Nurses and the Canadian Union of Public Employees each donating $100,000 to the project’s rescue. (“Thousands come out in support of Station 20 West,” 2008). The fundraising continued. A February 2010 benefit concert raised another $53,000. This brought the tally of funds raised to $2 million, leaving another $6 million to make the project happen. (CBC, 2010).

Although the community rallied, the project was stalled. Momentum was squandered and volunteers and activists were demoralized. It was not an auspicious beginning for the new government’s relationship to the New Social Economy and emerging co-operatives, like the Good Food Junction grocery co-operative. Co-operative innovation in Saskatchewan had suffered yet another setback. Nevertheless, once again movement activists demonstrated resolve and resilience to use co-operative enterprise, this time to meet the new needs of urban Saskatchewan. The prospects of a co-operative resurgence, and a new urban era in co-operative development could not simply be dismissed.

7.12 Movement degeneration as a political process

The three decades outlined here were not good ones for co-operative development in Saskatchewan. From the closure of FCL’s Co-operative Consumer and its Member Relations Division to the wind down of the DCCD and the Co-operative College of Canada to the privatization of the Wheat Pool’s Western Producer, followed by the Pool itself, this was a period of phased retreat from development. The sector and state each ratcheted down their commitments to sustaining the co-operative movement, a process of regressive structural reform that would have lasting consequences.
Several informants interviewed for this study argued the closure of the Co-operative College of Canada was a crucial mistake, contributing to the effective demobilization of Saskatchewan’s co-operative movement. To be fair, it was only an aspect of the state and sector’s broader retreat from the fieldwork activity that had provided a once expansive movement with its adult education and mobilizing network. However, one long-time movement activist referred to the College as the brains of the co-operative movement, and its closure as that movement’s effective decapitation. Another respondent, a retired civil servant, explained that the effective pooling of co-operative education had fostered and sustained a “movement consciousness.” With the elimination of the College, training was brought in-house, focused on operational needs and cultivated instead an “enterprise consciousness.”

The loss of this institution thus eliminated an important site for activists to reflect on movement dilemmas, exchange views, and re-imagine movement possibilities. In Gramscian terms, the site’s closure marked the end of structured support and facilitation for the cultivation of “organic intellectuals” to reproduce, renovate, and realize movement values on the ground. Instead, it fragmented movement networks, eliminated an important dialogue site for movement activists to build cross-sectoral networks, bridging social capital, and a common vocabulary and agenda; it led to their long-range isolation, deskilling, and demobilization.

The closure of the College was a divestment in movement agency; it not only pulled the plug on educated and inspired activists who might otherwise ignite and organize new campaigns; it also disempowered the active memberships of already existing co-operatives. For, as one adult educator told the author, managers have to fill the vacuum in a co-operative when members become inactive or lack education in effective participation.

To a significant extent, the College had become the institutional base for the province’s movement culture. “Would the continued existence of the College have provided
distressed Wheat Pool activists with the space and movement infrastructure to re-think, reorganize, and avert the privatization of the Pool?” I asked one movement veteran. It might have, he replied. In any event, the significance of the College closure was not simply that the decision was a symptom of movement decline and degeneration; it also represented the elimination of a mechanism for its regeneration.

More generally, interviews uncovered profoundly mixed feelings and sharp divisions in today’s movement leadership. At the commanding heights of Saskatchewan’s co-operative establishment, sector leaders expressed a vague sense of anxiety over the declining prestige of the co-operative model, its standing with government, and fading popular attachment to the model. As one informant suggested, the movement seemed to have skipped a generation or two. However, this nostalgic melancholy tended to take the form of a nagging doubt rather than a pressing concern for established sector leaders. For their primary frames of reference tend to be shaped by the day-to-day concerns, operational plans, and growth strategies of their own co-operatives, even for those with senior positions in apex organizations. Their outlook was managerial and their preoccupation was growth. Established co-operative informants were neither aware of declining formation rates nor concerned about new co-operative development. As one senior official reported, many other sector leaders simply do not see the need for new co-operative development and, compared to the scale of established co-operative business, view the whole focus as frivolous.

Not surprisingly, perspectives differ among leaders of the emerging sectors and in the social and community movements. In these quarters, there is a first-hand attachment to the need to encourage and support emerging co-operatives, a common sense that the big co-ops have become bureaucratic, have fallen out of touch with community needs, and have become insular and arrogant. For some, this antagonism takes a sharp edge, with respondents referring repeatedly to feeling that the big co-ops had abandoned, or even betrayed, the movement. One respondent told the author that the SCA was not relevant because it was all about lobbying for the big co-ops. Another referred to the principle of “co-operation among co-operatives” as a bad joke.
One of the sources of emerging sector-movement alienation is a sense that co-operatives have become undemocratic, yielding a deep-seated distrust of managerial power in the established co-operatives. Two community activists referred to the co-operative movement as having been hijacked by managers. Another argued that managers tend to view democratic member structures the way they view unions, as impediments to executive action.

The role of the SWP privatization in fueling this wider grassroots backlash against the co-operative sector’s managerial class should not be discounted. This was a defining trauma for a whole generation of Saskatchewan co-operators, and has left deep, open scars. A couple of informants said the demutualization of the Pool had made cynics of a whole generation; one argued it was a defining moment for those who lived through it and that it would take the next generation to restore optimism. One farm leader emotionally recounted the day the local Pool elevator was demolished and expressed wariness that other co-operative or credit union managers may be emboldened by the fact SWP managers benefited from the Pool’s conversion.

Despite their diverging interests and views on development, leaders of the emerging and established sectors share a certain sense of crisis. Representatives of both groups were shell-shocked by the privatization of the Pool. Indeed, the presently precarious position of the SCA demonstrates the tentative and fragile character of post-Pool movement relations. One senior officer of the SCA explained that the loss of SWP dues has left the apex organization extremely vulnerable. The loss of one dues-paying member could kill the organization, the author was told. In this context, one senior established sector officer expressed wariness about the insularity of the credit union movement, discussions about merging the Alberta and Saskatchewan credit union centrals, and the dominance of managers on the central board—all of which threaten its continued support of the SCA. Similarly, another established co-operative informant complained that FCL and the credit union movement were undermining the SCA by not permitting the organization to sign
up their individual members. The precariousness of the SCA only further deepens trust
deficits and undermines the effective joint-action of its members.

In this context, SCA has been pushed into a survivalist mode and a minimalist program
carefully designed not to antagonize any of its dues-paying members. For example, one
senior informant involved with the SCA reported that the organization had to be careful
to avoid brushing up against sector conservatism. Links with the environmental
movement might displease FCL, which is heavily invested in oil refining and pesticide
retailing. Involvements with the Saskatchewan Council for International Co-operation
and CCEDNet have both been discouraged, because SCIC’s youth program was too
activist-oriented and CCEDNet was viewed as a potential rival. Like a minority
government, the SCA has little room for manoeuvre and is thus too vulnerable to propose
decisive actions.

These dilemmas of an unstable co-operative movement coalition dogged by insecurity,
anxiety, and division ultimately derive from an antagonism between the emerging
sector’s social or movement-building objectives and the primacy the established sectors
attach to their own commercial objectives. Since the established sectors have the tenure,
institutional strength, and dues to dominate the SCA, a commercially focused
managerialism has traditionally tended to dominate its activities. Established sectors are
preoccupied with lobbying government on sector-specific issues, such as the incursion of
crown corporations into markets where co-operatives are active or would like to be. The
SCA has in the past provided political leverage to these interests. However, in the present
context in which the SCA is unable to arrange meetings with an ideologically hostile
provincial government, the organization’s value to established sector members has
deprecated. Moreover, one senior established co-operative informant attributed this problem
not to the government but to movement activists who portray the co-operative sector as
some kind of left-wing cult. One solution proposed to this infection is to put in place
nominating committees to better screen for candidates who have “business sense.”
Since the emerging sectors tend to lack resources and provincial organization, and are led by “activists” who are often held in ill-regard by “traders” drawn from managerial ranks, they have difficulties mustering a voice in SCA. Establishing support for a provincial development agenda is thus a daunting challenge. One informant suggested the SCA has few contact points with other social movements because the large co-operatives are not interested in building a movement culture; they merely tolerate it. As one labour leader suggested, it is too late in any event; since the co-operative sector long ago abandoned its movement philosophy, common interests no longer tie their movements together. While one SCA insider suggested there is a strong sense of wider movement-belonging at the national level, provincial leaders do not share that orientation. In fact, most established co-operative leaders view broader movement involvements as a potential threat to their dominance and as undermining the sector’s credibility with government.

From the perspective of this uneasy and unequal alliance of the dominant, established sectors and the dominated, emerging sectors within the SCA, the creation of a development committee and the proposal for a development centre appear as half-hearted, even ingenuous, establishment accommodations to a small but vocal minority interest. Indeed, as one informant reported, the most recent proposal for provincial state support to develop seniors’ rural housing (while there is a major affordable housing crisis in the cities) was specifically designed to serve the current provincial government’s political base. In this sense, the co-operative establishment appears more interested in using development to rebuild political leverage with the Province on its more pressing concerns than it is in new co-operative development as such. In this structural crisis for the SCA, most co-operative leaders are simply oblivious to the empirical reality of declining new co-operative formations or its implications for the future. The gravity of the problem is neither acknowledged nor understood, and these piecemeal movement actions therefore amount to little more than rearranging deck chairs on the Titanic.

Nonetheless, there are significant—if still marginalized and under-resourced—signs of generational renewal in co-operative ranks. For example, despite the convictions of earlier leadership to “go it alone,” the SCA recently hired youth interns through a
CCEDNet work experience program to help build the regional base of the SCA and to advance green co-operatives (SCA, 2010a); announced it would jointly stage an April 2011 conference on regional development with the CCEDNet (SCA, 2010a); extended the scope and reach of the co-operative youth program (SCA, 2009a); and assisted the development of two student co-operatives at a Saskatoon high school (SCA, 2009b). The Co-operators also staged two youth conferences for sustainability leadership in the fall of 2009 and 2010, and the Youth Engagement in Sustainability program now reaches into seven Regina high school environment clubs (SCA, 2010b). While these efforts fall far short of the coordinated, broad-based response which may be required, these initiatives may also prefigure a generational shift toward a more engaged, broad-based, strategic, and developmental movement.

7.13 Conclusion: The future of co-operation in Saskatchewan.

Since the eighties, globalization has accelerated the long-range decline of the family farm. At the same time, the state retreated in the face of the dual pressures of fiscal crisis and market liberalization. Related to these developments in the province’s political economy was a rightward shift in the political culture. The rise of agrarian reaction reflected frustrations and anxieties rooted in the farm crisis. It also coincided with the international rise of the New Right.

Although the agrarian sense of loss was a distinct feature of neo-conservatism in Saskatchewan, it had deep roots and provided fertile soil for the resonant themes of the New Right. For, as Apple has argued, “behind the conservative restoration is a widespread sense of loss: of control, of economic and personal security, of the knowledge and values that should be passed on to children, of what counts as sacred texts and authority” (1989, p. 20). Rural Saskatchewan was retreating behind the defences of a rugged macho individualism, frontier family values, and social conservatism to restore a semblance of stability, security, and control to their “runaway world.” Co-operative involvements were increasingly viewed as distractions from more immediate threats to the survival of family farms, and as increasingly risky. These critical shifts in Saskatchewan’s mode of production, social formation, and political culture have all
combined with sector-state disengagement to radically undermine the conditions for successful new co-operative development, particularly in the country. In contrast to the spirit of optimism and innovative energy that characterized this study’s interviews in Québec, Saskatchewan informants more typically exhibited a melancholic weariness.

Co-operative retailing, insurance, and credit union activity remain dominant, profitable, and expanding factors in the provincial economy. But beyond the limited and mixed results of efforts to organize New Generation Co-operatives (Fulton, 2001), the base of new development activity has largely moved to the urban milieu. New urban sectors such as the community clinic movement, childcare, housing, and worker co-operation all struggle with scant support from established sectors and the state. Rather than a simple lack of support to the social economy, divisive recent politics suggest an intentional strategy not simply to “contain” the social economy, but to “roll back” the sector’s very meagre gains.

Only marginal new co-operative development activity has taken place over the last three decades in Saskatchewan, including social co-operatives and housing co-operative experiments. For example, a cluster of community activists, largely disconnected from the established co-operative sector and the rural tradition, have attempted to reinvent co-operation to intervene against economic and social dislocations in inner-city Saskatoon. Often, these efforts have attempted to address the wider failure of the welfare state, particularly with respect to disadvantaged populations who are excluded from employment.

Only a concerted effort, aligning community movement energies, co-operative sector supports, and state resources is likely to break this impasse. However, the strategic and

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96 In the case of Station 20 West, government has even attempted to foster divisions. It suggested funds released from that project might be made available instead to urban initiatives of the Saskatoon Tribal Council (Wood, 2008). The community clinic, which relies on the Province for its funding, deemed it wise to disassociate itself from the project (Lewis, 2008).

97 Deep cuts to NDO budgets in the 2010/11 Provincial Budget, including a $185,000 cut to Quint, reinforce this interpretation.
coordinated joint-action necessary to realize new sector potential appears unlikely in the near future. This failure to renew movement culture and construct democratic partnerships for co-operative development is not simply a problem for new sectors, the emergence of which is blocked. It is also a central problem for the co-operative movement as a whole. For only new sector development is likely to revive the Saskatchewan movement. Renewal will require strong leadership from within host communities, established sectors, emerging sectors, and state administration. It depends also on targeted research into opportunities for innovation-transfer. It requires grassroots education and organization. It will require policy reform and commitments to new programs, legislation, and financial and tax tools. All of these new efforts will have to be undertaken with a much clearer, shared conception of the shifting structure of needs and opportunities within Saskatchewan’s new, more ethnically diverse, and increasingly urban mosaic. This massive marshalling of resources appears presently as a possible, preferable, but improbable alternative. Trends suggest continuing movement degeneration and erosion of the co-operative option in popular culture. Bureaucratic inertia, resistance to innovation, and entrenched leadership and attitudes threaten new developments with continued isolation, lack of support, and marginal viability.

As the case of Station 20 West illustrates, the situation is dire and a ruthless realism is called for. Only a substantial rethinking and retooling to promote and support viable new forms of rural co-operation, from organic agriculture and agro-forestry to proximity services and greenhouses that can rebuild on a more solid footing, are likely to yield a rural co-operative resurgence among a new generation of activists over the medium term. This requires strong sector-state leadership and a massive scaling up of the province’s commitment to co-operative development. Over the long-term, serious movement regeneration requires a virtual reinvention of the mobilizing networks of previous eras. Movement regeneration hinges on well-conceived and executed new campaigns backed up by bold public policy commitments. Just as governments periodically intervene to stabilize capitalist firms and markets to restore business confidence, restoring the development capacity of the Saskatchewan co-operative movement will also require a new partnership, involving activists, the emerging and established sectors, and the state.
Just as the agrarian economy is now marginal to the modern, diversified economy, the co-operative movement too must diversify to remain relevant. Elements of a potential recovery are in evidence, but these initiatives are isolated, under-resourced, and vulnerable.

A realistic strategy for movement recovery and renewal needs, arguably, to follow the lead of the credit union and co-operative retailing systems. These sectors have weathered this wrenching period of demographic and economic transition by rebuilding their bases of operations on more solid urban foundations. This Himalayan strategy of retreating to the higher ground of more viable operations does not mean abandoning rural initiatives or closing our eyes to emerging rural opportunities, from forestry to fishing to organic farming or tourism. It simply recognizes that, just as centralization and consolidation of credit union and retail co-operative operations has been necessary to protect the vast rural network of branches they continue to maintain, co-operative development must also shift its centre of gravity to reflect the shifting structure of needs and opportunities. Until the dispersed ranks of Saskatchewan’s co-operative and community movements embrace this conceptual and cultural shift beyond nostalgia for the agrarian era, the sober, hard work of rebuilding on new foundations will be delayed. The Saskatoon branch of Affinity Credit Union (formerly Saskatoon Credit Union, and then First-Sask Credit Union) has taken some innovative and important steps, reaching out to labour, Aboriginal people and the city’s Core neighbourhoods (Diamantopoulos & Findlay, 2007). The youth programs of the SCA (SCA, 2009a; 2009b; 2010a) and the Co-operators (SCA, 2010b) are also noteworthy. Until the co-operative movement as a whole identifies and embraces a serious urban strategy that builds on these exemplars of co-operative innovation, the regeneration of meaningful co-operative activity in Saskatchewan—urban or rural—will remain a pipe dream.

A fundamental strategic repositioning implies an opening up to new social actors like the ecological, labour, and women’s movements, and First Nations, inner-city and new immigrant communities. Within these social and community movements, too, there will be considerable education and engagement work to be done, most significantly in
effecting an interest in economic action as a legitimate, realistic, and achievable form of social action. There is now a vast chasm separating the leadership of the established co-operatives and the grassroots activists of the province’s varied and disconnected social and community movements. Yet co-operative development presupposes a rebuilding of these historic movement-to-sector links, to bringing into being through old-fashioned community organizing a new extended social movement family.

It took many years and campaigns to persuade farmers to consider pooling, to build their adhesion and loyalty as members, and to build their willingness and capacity to expand their horizons into new sectors like credit unionism. It will take a similar, concerted intellectual and cultural effort to cultivate new movement entrepreneurs and win new constituencies back to the co-operative model. Like the role of the Pool fieldmen and the agrarian press in an earlier era, co-operative promotion and education depends on effective cultural intermediaries. Unlike the unifying force of the farmers’ movement and its “one-model-fits-all” pools, however, these diverse currents will need careful and ongoing facilitation to pull them together into a coherent and unified movement. For established co-operative and credit union leaders in the habit of standing alone and “thinking big,” the necessary diversity of targeted strategies and supports will require a significant conceptual and cultural shift from hierarchal management to the development of partnership networks. For just as the great “broadening out” of the Great Depression depended on re-tasking the Pool fieldmen to drive Western Producer subscriptions, life insurance policies, or regional retail co-operative and credit union organising, contemporary diversification will also require rethinking and redirection on the ground.

Regeneration implies a restructuring of the movement itself, shifting the balance of resources and energy from the operational and representational needs of the established sectors to the development needs of the emerging sectors. It implies a decisive shift from serving the base of the established memberships to reaching out to the new prospects that populate emerging communities and movements presently “outside” the co-operative movement. The construction of a new coalition, involving new constituencies, and knitting them together in a reconstructed culture of co-operation is a political process; it
requires a return to the roots of serious, long-range, and sustainable co-operative development—in emerging social movements and neglected communities.

There will be both new learning and unlearning involved in a successful transition to the diverse, developmental, and pluralist co-operative movement of the future.
CHAPTER EIGHT


8.1 Introduction

This study has contrasted the achievements of the co-operative movements of Saskatchewan and Québec in the globalization era. Since 1980, it has been argued that the Québec movement successfully regenerated—an achievement evidenced by record new co-operative start-ups (Clement, 2009; Co-operatives Secretariat, 1984-94; 1995-2007) and the innovative application of new models to new spheres of action (Côté, 2007; CCA, 2007c; Girard, 1999; Girard & deBertoli, 2004). Meanwhile in Saskatchewan new co-operative start-ups lagged, and the sector contracted overall (Co-operatives Secretariat, 1984-94; 1995-2007). While Québec exhibited strong movement entrepreneurship (Québec, 2003; Côté, 2007), Saskatchewan’s movement demonstrated scant developmental interest beyond growing the established sectors (Co-operatives Directorate, 1993; 1997).

This final chapter is divided into two sections to further explore the nature of these contrasting experiences in co-operative development. The first applies the seven pillars benchmark of development action, both as an index of provincial development capacity and an index of movement degeneration / regeneration. The second section draws on the theoretical framework to address broader themes that also emerge from the case study findings.

8.2 Sector Leadership in Québec

Development in Québec has often been driven by the strong personal leadership of key actors, such as Alfonse Desjardins at the turn of the century, George-Henri Lévesque in the fifties, or Claude Béland in the eighties. Each promoted the co-operative option vigorously in the context of their times. They were movement entrepreneurs for specific
courses of action. Desjardins led the organization of the *caisse populaire* movement. Lévesque organized the provincial apex organization, the *Conseil supérieur de la coopération* (now the CQCM) to unify and focus a diversified movement, to bring it out from the long dark shadow of Church paternalism, and to reposition the movement for a leading role in the new Québec, after the Quiet Revolution. Béland responded to the crises of degeneration, recession, and globalization by leading a series of movement fora to rejuvenate co-operation for a changing Québec.

A key achievement of Béland was to animate shared leadership, both at the regional level and across the wider social movement family in which co-operation was embedded. The CCQ partnered with the state, the trade union movement (under the leadership of the CSN’s Léopold Beaulieu), and the social economy (under the leadership of the *Chantier de l’économie sociale*’s Nancy Neamtan). The animation of broad-based dialogue was a necessary step in the renewal of sector leadership and the regeneration of the movement. This amenable environment for co-operative innovation has driven escalating orders of financial, technical, and promotions support for co-operative development in Québec. The CDR network and a wide range of financial instruments have turned the province into a world leader in co-operative development. Strong movement leadership three decades ago arrested and reversed processes of degeneration, securing the foundations of today’s vibrant, expanding co-operative sector.

### 8.3 Sector leadership in Saskatchewan

In Saskatchewan, early co-operation was also driven by visionary leaders. These included men like E. A. Partridge, whose TGGA led the grain growers’ campaign for pooling in the twenties (Knutilla, 1994). Harry Fowler drove many campaigns in the depths of the Depression, including organizing the first co-operative oil refinery in the world (Phalen, 1977). Women like Violet McNaughton played a leading role in building the early co-operative movement. She led through her early agrarian journalism, her leadership in the Women Grain Growers, and her historic role in the amalgamation of the SGGA and the Farmers Union into the United Farmers of Canada (Saskatchewan Section).
At present, the Saskatchewan sector faces profound challenges that again call for strong, movement-focused leadership. In the wake of the structural crisis in agriculture, the demutualization of the Saskatchewan Wheat Pool, strained sector-state relations, and the frenzy of amalgamations and mergers in the credit union sector, co-operative leaders are understandably focused on the operational and lobbying priorities of their own enterprises and sectors. In addition, sector leadership is principally drawn from the established co-operatives and the ranks of white, male, middle-aged managers and farmers. This poses particular problems in attending to the concerns of emerging sectors since the base of new development activity is increasingly urban, younger, and more ethnically diverse. Declining start-up statistics and difficulties cited in recruiting to the SCA youth camps are warnings of the movement’s decreasing cultural relevance to the emerging generation.

Serious co-operative development strategies require “honest brokers” to help build sector and state support. A more contemporary example is Claude Béland’s decisive response when the Québec movement faced similar gridlock, free rider problems and symptoms of movement degeneration in the eighties. Like Béland’s campaign, successful regeneration of the Saskatchewan movement depends on openness to regional initiative and new social partners. For example, while the Quint Development Corporation spearheaded important new co-operative development initiatives in the urban context and the Western Labour Worker Co-operative Council suggests a broader base for development, forging new development partnerships will take concerted effort. The SCA shows increasing promise for more systematic and comprehensive approaches. Examples include recent moves to propose a development centre; offer developer training; build a development committee; take on pilot projects in funeral services, homecare, and housing; and reach out to development partners and youth.

98 The failure to effectively coordinate development capacity in Saskatchewan is what economists call a “where to meet dilemma,” “a situation in which all parties would be better off co-operating than competing but lack information about how to do so” (Todaro & Smith, 2006, p. 832).

99 “Situation in which people secure benefits that someone else pays for” (Todaro & Smith, 2006, p. 814).
8.4 Promotion and outreach in Québec

There is a strong tradition of active campaigning for co-operative action in Québec. It goes back to Desjardins’ journalism and his lobbying and public speaking tours to build the caisse movement at the turn of the twentieth century. The co-option of the Catholic church network gave vital access to the province’s most important medium of communication, but Desjardins also made substantial use of the popular press. Similarly, as the rule of the Church in Québec was challenged through the fifties, George-Henri Lévesque leveraged the increasing importance of higher education to advance the co-operative movement. Through the stream of occasional papers, research reports, editions of CSC magazine Ensemble, conferences, and, of course, the graduation of his students at Laval, Père Lévesque helped secure the movement’s intellectual renovation and reinvigoration.

The modernization of co-operative education was an important legacy. It secured the renewal and expansion of the co-operative movement during the Quiet Revolution. Rather than being marginalized as part of the discredited, Church-based ancien régime, Lévesque’s manoeuvres rescued the co-operative movement’s continuing relevance by rearticulating its relationships to other secular elements of the popular sector resurgence in Québec, like the trade union movement. From the informal processes of adult education that typified traditional Québec co-operation, these interventions ensured institutional support to necessary movement modernization.

The crucial role of Laval as a dialogue site for the co-operative movement in the throes of the Quiet Revolution forged a powerful affinity between the academy and the Québec co-operative movement. As this study’s interviews clarified, this would have four important implications for future co-operative development: First, co-operative development was central to Québec social science and to the study of social innovation. In the post-eighties period, academics like Benoît Tremblay at HEC played a central role in conceiving worker co-operative development strategies, and in proposing new development
mechanisms. Research networks like CIRIEC, CRISÉS, RQRP-ÉS and ARUC-ÉS all reflect an abiding conviction that collective enterprise is an important feature of the Québec political economy. Academics take co-operatives seriously, as a field of investigation and development. Tremblay’s move to government to help launch the CDR network reflects high-level integration of research and development.

Second, the concertation of co-operatively-focused academic and research energies in Québec’s universities has also created the conditions for modern curricula, in-service programs, and a vast literature in support of the cadres of co-operative development personnel now working in the CDRs and the wider support network for emerging co-operatives and collective enterprises. Opportunities for professional specialization leading to employment in co-operative development in Québec’s social economy are significant.

Third, the co-operativization of bookstores at Québec’s CEGEPs and universities has created an opportunity to demonstrate the practical benefits of membership to the total student body. It has also created opportunities for students to participate as members, elected directors, and staff in these co-operatives. This co-operative presence on campus has contributed to a higher profile, and greater prestige, for the model amongst youth. This is reinforced by the tendency of student co-operatives to bid on campus concessions and by provincial program support for students to create summer employment co-operatives. The co-operative presence in the college years raises Québec youth’s familiarity with co-operative enterprise, highlights the rewards of co-operative membership, and encourages careers in the co-operative sector, including specialization in co-operative development.

Finally, each of the eleven CDRs in Québec has a full-time outreach staff person to promote co-operative development in their region. This includes presenting in district high schools, facilitating co-operative week activities, organizing co-operative youth programs like summer camps, and publishing CDR magazines for regional distribution. In the early eighties it is also worth noting that Béland broke the gridlock by stimulating...
discussion at the movement base, across the regions. One of the first conferences in this rejuvenation effort dealt with co-operative education. It led to the creation of an educational foundation and subsequent conferences on this theme.

8.5 Promotion and outreach in Saskatchewan

From the very origins of the Saskatchewan campaign for the Wheat Pool, leaders like E.A. Partridge understood the importance of communication channels, compelling stories, and quality information to the co-operative movement. Partridge lobbied tirelessly for a co-operative newspaper in the early days. The *Territorial Grain Growers Guide* created an important forum for diffusing the pooling concept and a critique of vested interests. This was crucial to building a strong ideological and cultural foundation for left-populism on the Prairies. Through the *Guide, The Progressive* (later *The Western Producer*), and *The Co-operative Consumer*, the agrarian and co-operative press played a crucial role in advancing the cultural frontiers of co-operative development in Saskatchewan.

A great deal of the work of the Pool fieldmen in the thirties and forties was also cultural work. They staged film nights, helped organize recreational facilities like rinks that created gathering places and common projects for isolated neighbours. Pool elevator agents managed a traveling library for the widely dispersed farm community. These cultural interventions played a crucial role in building awareness of the consumer co-operative and credit union models, and commitment to a co-operative social project. Through the social gospel movement, reform Protestantism also provided an important communication channel and mobilizing network for early agrarian co-operation.

With urbanization, secularization, and the rise of consumer culture, the co-operative movement’s traditional outreach capacity was reduced. Significant efforts were taken to reposition co-operation and rebuild the movement on sustainable modern foundations. These included investments in public relations clubs, membership development, and the creation of the Western Canada Co-operative College (later the Co-operative College of Canada) to deliver sector-wide extension education and incubate movement leadership.
Unfortunately, this study’s informants report that pressures to centralize and consolidate operations, including increased in-house specialist training, diminished sector commitments to movement-building activities. Outreach and education were gradually reduced to the marketing activities of individual co-operatives, centrals, and federations. In 1987, the CCC was wound down.

A specialized research centre was founded in 1984 at the University of Saskatchewan, providing an important platform for the development of co-operative curriculum in business, law, history, sociology, political studies, and agricultural economics. Its research was diffused through publications, conferences, and occasional CSC seminars. However, co-operative movement outreach and promotion activities were largely reduced to an annual summer youth program (principally attended by sector leaders’ children and sponsored by the SCA), Co-operative Week events in Saskatoon and Regina, and an annual SCA golf fundraiser. This was a minimal program at best, severing meaningful ties beyond the inner-circles of the established co-operative sectors. There is no equivalent of the crusading Guide or early Western Producer to reach mass publics in 2010. Instead, SCA issues a board newsletter and relies on social media, these tend to further tighten the insider flow of information. Despite important, but very recent, efforts to build youth interest and engagement (SCA, 2009a; 2009b; 2010a; 2010b) and links to CCEDNet, there is no adult education capacity such as that once provided by the Co-operative College. Decades of systematic educational and cultural retrenchment has left the Saskatchewan movement without capacity or a strategy for meaningful cultural renewal or expansion, a frequent complaint of those interviewed in the course of this investigation. In this vacuum, community leaders and “movement ambassadors” of the past such as the clergy, teachers, social workers, the unions, and the student movement no longer preach the “old time religion” of Prairie co-operation.

100 Although the urban alt-weeklies in Regina and Saskatoon are published by a worker co-operative, the co-operative was forced to drop their Co-operatives Week features due to lack of sector interest and support. Ironically, many co-operatives prefer to channel support to advertising features published by their historic foes in the corporate monopoly press. Similarly, Access Communications, a telecommunications co-operative with a community channel, is not viewed as a communication vehicle by the movement.
8.6 Public policy in Québec

There is a significant legacy of state support for co-operative development in Québec, including the provision of technical and financial assistance to new co-operatives and preferential policy treatment (in forestry, for example). The co-operative sector has been included, for decades, in Québec’s corporatist style of economic policy-making—along with the private sector and the labour movement. State support to co-operative development intensified in the seventies as Desjardins became the state’s financier of first resort and government backed new co-operative efforts in housing and worker co-operatives. The economic nationalism of the modernizing entrepreneurial state reserved a special place for co-operatives in public policy. They were a bulwark of employment for Francophones and a lever for the francization of the Québec economy, a point frequently emphasized by this study’s collaborators.

The recessions of the seventies and early eighties raised the stakes considerably for public policy partnership. The state turned to the co-operative sector as a “territorially rooted” alternative to high flight-risk private capital, much of which had already fled Montréal for Toronto. One example of the tightened-up democratic partnership between sector and state is the CDR network. It is now managed by the CQCM but mostly funded by the state. Another example is the creation of sector-state managed research and development funding to particular sector federations. These discrete partnerships comprise an important innovation system, strategically aligning state policy, program, and resources with sector structures, needs, and development objectives. Moreover, this study’s conversations revealed these achievements are a source of considerable pride for sector and state contacts alike, and provide an incentive, template, and momentum for continuing innovation.

Another example of the realignment of public policy to revitalize co-operative development in Québec can be found in the area of legislative reform. The state has undertaken a comprehensive review of existing legislation, commissioned studies of
several European approaches, and has introduced new enabling legislation for worker shareholder and solidarity co-operatives. Provincial statutes were also introduced to build a domestic capital pool, some of which is earmarked specifically for co-operative development. Provincial legislation allowed the launch of the QFL’s Solidarity Fund, followed by the CSN’s FondAction. These RRSP-eligible, venture capital funds offer substantial tax advantages to Québec investors. These pioneering funds have been only the beginning of government involvement in the amassing of a formidable range of solidarity finance instruments (See Appendix C), some of which were launched with government start-up capital and some of which target co-operatives in particular. These financial instruments also include the state’s Co-operative Investment Plan through which members can realize tremendous savings by investing in their own co-operatives.

Also, a high level of government-sector coordination has been evident in the co-operativization of vast fields of program-delivery in recent years. Like the preferential tendering of crown lands to support forestry co-operative development decades ago, the conversion of close to a third of the province’s ambulance service to co-operative worker ownership depended on state-union contract negotiations and tight coordination between the state, the emerging sector, and the CSN’s Groupe Conseils which carried out the conversion program. Support from the CDRs and state-policy has also helped drive the development of solidarity co-operatives in home care.

Finally, since its formation in 1996 le Chantier de l’économie sociale has won resources for emerging social enterprises, including co-operatives, creating a delicate balancing act for the government. It is conscious of factions of the CQCM which resent the Chantier “trespassing” on its turf. As a result of this conflict, an inter-departmental secretariat for the social economy was created. This eliminated the conflict for Finance Ministry personnel. They had been expected to serve “both masters” but had a long-standing mandate to work with the CQCM and time-bound relationships with their personnel. Trust, goodwill, and working relationships with the CQCM were at risk in “playing both sides.” Given the achievements of state-sector concertation, and a natural affinity between the outlooks of the co-operative sector and co-operative-focused state personnel,
the branch was reluctant to jeopardize that relationship by showing any sympathy whatsoever for the *Chantier*. In partnership with the *Chantier*, the government recently unveiled an *Action Plan for Collective Entrepreneurship*. It will further advance new social economy start-ups, including co-operatives. The state has also contributed to the *Chantier’s* social economy development fund, the *Fiducie*, to help finance them. Finance continues to maintain a productive relationship with the CQCM.

Certainly, disputes, gaps, and new vistas remain in an increasingly complex constellation of forces, programs, and legislation in Québec. However, the achievements of a maturing sector-state partnership over the last three decades have been considerable.

### 8.7 Public policy in Saskatchewan

The general thrust of Saskatchewan co-operative development policy has seldom moved beyond the provision of a basic regulatory and legislative framework. The view that the CCF-NDP favoured co-operative development was largely a carefully cultivated and politically useful illusion (Argue, 1992). Early investments in fieldworkers to support rapid regional expansion, including retails and credit union branches in the forties and fifties, and a short-lived campaign in the North (Dobbin, 1981; Quiring, 2004; Radloff, 2004) provide the only cases of aggressive state action to foster co-operative development. These were conjunctural policy episodes; not sustained policy principles.

However, the post-eighties period brought increasing political ambivalence and policy confusion to the role of co-operatives in a post-agrarian economy. Beyond the towering examples of the retail, credit union, and mutual insurance sectors, Saskatchewan policymakers viewed co-operatives as relics of a bygone era, offering little to today’s resource-led, free market economy. In contrast to the Québec case, globalization-era co-operative development in Saskatchewan is defined by state disengagement, stagnation of policy and program development, and a retreat from innovation and new initiatives.\(^{101}\)

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\(^{101}\)Indicative is the fact that while the federal government turned repeatedly to the Centre for the Study of Co-operatives to inform federal policy-making (Fairbairn et al., 1992; Hammond Ketilson et al., 1993) in the nineties, the Province contracted Centre researchers to establish the “the social and economic importance of the co-operative sector in Saskatchewan” (Fulton et al., 1991; Hammond Ketilson et al.,
The false start around worker co-operative development in the early eighties is indicative. This aborted campaign helped to deepen a sense of fatalism fostered by sector retrenchment. It also rubbed salt in movement wounds over the government’s previous failure to support expansion of the community clinic sector. These factors all conditioned the climate for co-operative innovation in Saskatchewan.

Polarized ideological commitments to private versus public sector development through this period also served to marginalize the co-operative option significantly. No substantial policy or program measures were taken during this period to promote or support new co-operative development. No effective measures were introduced to modernize legislation, providing for neither solidarity co-operatives nor worker shareholder co-operatives.

Perhaps the only significant exception to this broad trend was the creation of the NDO program in 1988. These community development corporations struggled against entrenched authority structures and conceptions, with predictably mixed results. However, the Quint Development Corporation in Saskatoon sank deep roots and developed an engaged constituency to support its inner-city redevelopment agenda. It developed an innovative program of home ownership co-operatives that was replicated elsewhere and gained nation-wide attention. Unfortunately, its efforts to develop Station 20 West encountered a major setback when the new provincial government reneged on the previous administration’s financial commitments. In fact, three years into its first term, the Saskatchewan Party Cabinet has yet to meet with the SCA, an annual meeting that has proceeded as a matter of routine and protocol for decades. As a result, small, infrequent, and limited policy and program gains in Saskatchewan were readily and routinely set back by a change of administration, creating quicksand for co-operative development. This was particularly true on the new development frontiers for co-operative development in urban Saskatchewan.

1998). In other words, while the federal state engaged research as a lever in assertive and expansive policy entrepreneurship, the Provincial Department of Economic and Co-operative Development sought defensive justification to maintain standing commitments to the sector. This reflects a hostile policy environment.
8.8 Solidarity finance in Québec

Some of the most profound advances for co-operative development in Québec over the last three decades have been in solving the capitalization problem (See Appendix C). Indeed, a consensus of those interviewed in Québec feel that capital is no longer a problem for co-operative development. Important policy and taxation measures have been taken by the Province to enable the launch of the QFL’s Solidarity Fund, the CSN’s FondAction, and the Desjardins Regional and Co-operative Development Fund—all important pools of patient capital for new co-operative ventures. The government has also invested in the Chantier-contolled RISQ fund and the Fiducie, both dedicated to collective enterprise. Indeed, Québec now boasts a full range of financing instruments for co-operative development, from micro-enterprise to major investments. Financial assistance is available at the start-up phase and generous tax-credits are also available to those who invest in their own co-operatives. Desjardins and the Caisse d’économie solidaire Desjardins frequently back new co-operative enterprises; expanding the scope of viable enterprise well beyond the parameters of for-profit banks. The Caisse d’économie, with over eighty staff, specializes in worker co-operative and social economy financing. Also, Desjardins has recently adopted an annual quota of mid-sized business conversions to worker shareholder co-operatives, with Desjardins taking an ownership stake. Québec has seen a broad-based revolution in financing in the last thirty years, a “socialization of finance” to the considerable advantage of new co-operative development.

8.9 Co-operative finance in Saskatchewan

Reflecting the general co-operative policy impasse in Saskatchewan over the last thirty years, there has been scant innovation in co-operative finance instruments since the cancellation of the co-operative loan guarantee program in 1982 (Argue, 1992). The labour movement has been divided on entering the labour-sponsored investment fund market, essentially conceding the terrain to “rent-a-union” funds which have no social
objectives whatsoever (Quarter, 1995). SaskWorks is a provincially-focused LSIF like Solidarity. Established by CEP, it does not favour socially responsible investment options. During this period the credit unions also launched two funds. Neither extended preferential treatment to co-operative start-ups.\textsuperscript{102} SaskWorks is managed by the same equity firm that manages both these funds.

Facing little co-operative or social movement pressure, the Saskatchewan Government has also played no significant role in addressing the capitalization barrier to new co-operative development. In fact, its major intervention in the field was reactive and regressive: the introduction of legislation to enable the privatization of the Saskatchewan Wheat Pool. In the area of grants and loans to new start-ups, apart from the short-lived and short-funded CDAP, the provincial government’s policy is one of non-preferential treatment for co-operatives. Although co-operatives can set up their own company-based “Class B” LSIFs to capture RRSP and labour tax credits for investing in their own business, this mechanism is neither well-known nor commonly used for co-operative start-ups. The incentives are also far less compelling than Québec’s Co-operative Investment Plan.

Isolated efforts to support community economic development such as the fledgling Community First Social Development Fund, developed under the Saskatoon Credit Union (now part of Affinity Credit Union), merely illustrate the lack of meaningful coordinated action to address the capitalization problem. Similarly, the massive solidarity financing behind Montréal’s *Angus Technopôle* (Beaulieu, 2009) provides a stark contrast to the predicament of Saskatoon’s Station 20 West project, reduced to fundraisers and philanthropy to raise its capital. As a result of this coordination failure at

\textsuperscript{102} The Saskatchewan Entrepreneurial Fund was capitalized jointly by the provincial credit union system, through SaskCentral, and the Crown Investments Corporation. Its mandate was to direct venture capital to “small and medium sized businesses” requiring less than $1 million. The Prairie Ventures Fund was a joint-venture of a syndicate of 18 Saskatchewan Credit Unions, PFM Capital partners, and the Crown Investment Corporation of Saskatchewan. This Fund was also established to support “small and medium sized businesses.” Both funds are managed by PFM Capital Inc., a private equity and venture capital management firm (PFM Capital Inc., 2010).
the provincial level, the SCA’s current hopes rest on the CCA’s lobby for a federal Co-operative Investment Plan and development fund rather than provincial financing innovations.\textsuperscript{103}

\section*{8.10 Technical assistance in Québec}

Québec has mounted an aggressive adult education movement in support of co-operative development. This extensive effort has included investments in academic and professional specialization in co-operative development. It has also included the creation of immersion experiences in co-operative membership and development through summer co-operative employment programs and the province-wide network of co-operative bookstores on CEGEP and university campuses.

The lynchpin of Québec’s technical assistance delivery system is the regional outreach and education function. Over sixty staff are employed by the province’s network of regional development co-operatives. Similar to the Co-operative Development Authorities in the U.K. in the early eighties (Cornforth, 1988), this network promotes the co-operative option across the province. Its staff advise on co-operative development, work together with proponents to develop feasibility and business plans, and deliver after-care to fledgling new co-operatives. The CDR network also provides a decentralized innovation dissemination system through which new models and applications can be tested, refined, and systematically replicated across the province. This regionalized technical assistance network is the hub of the province’s co-operative development system. It has both stimulated and supported record sector growth, and is widely considered to be one of the best development systems in the world.

\section*{8.11 Technical assistance in Saskatchewan}

In line with the general retreat of the Saskatchewan sector and government from development, there has been little progress in solving the technical assistance gap for new

\textsuperscript{103} Since the federal lobby has been unsuccessful and there is no reason to expect the current administration to have a change of heart, this position is either ill-considered or reflects the issue’s low priority to current movement leadership, mostly drawn from established sectors.
co-operatives in Saskatchewan. There have been important, but isolated efforts. For example, informants for this study confirmed that the SCA formed a development committee in December of 2003; has delivered three developer training workshops; and has twice proposed (without success) a sector-managed “development centre” to the provincial government over the last decade. A consulting group, Co-operative Ventures, has worked to link the labour movement across the Prairies to developers able to assist through plant shut-downs and other situations in which jobs are placed at risk. And Quint Development Corporation has provided what shelter and support it can to its housing co-operatives, a training business in its neighbourhoods, and the Station 20 West grocery co-operative. Most recently, SCA secured $65,000 from the Province to support delivery of co-operative development advisory services. It will focus on rural seniors housing.

While there is a wide range of business development services in Saskatchewan, some of which are useful to co-operative proponents, the fundamental assumption is consistent with the mistaken laissez faire approach to co-operative finance, program, and policy support generally: co-operatives have the same needs as other businesses and do not need distinct supports.

8.12 Sector development in Québec

The pattern of co-operative development in Québec since 1980 has been uniquely structured. Interviews revealed that strategic support has been targeted and rolled out in phases. Starting with a concerted effort to promote and support worker co-operative development in the early eighties through the CDR network, CDR efforts next turned to worker-shareholder co-operatives and solidarity co-operatives.

Parallel to these sector-state driven development priorities was the campaign waged by the CSN’s Groupes conseiles to organize the co-operative conversion of a number of paramedic services across the province. Another campaign countered the incursion of multinationals into the Québec funeral market, buying-out retiring proprietors and establishing new funeral homes province-wide. The rapid roll-out of promotion and
support for home-care co-operatives also drove a large number of start-ups in a short time.

A million dollar innovation fund also concentrates campaign resources on sectors of opportunity. Each federation makes annual proposals for a share of this research and development budget to explore ways of stabilizing or expanding their sector. For example, the forestry co-operatives are now studying the possibilities of bio-mass to shore up their collapsing market. The CQCM is now rolling out a guide to the rescue of proximity services. The state and sector jointly invest in innovation in new sector development on an ongoing and systematic basis.

### 8.13 Sector development in Saskatchewan

Emerging sectors in Saskatchewan like childcare and co-operative housing lack support and effective organization. Worker co-operatives are few and isolated. The last significant sector-building mobilization was the community clinic campaign of 1962. Since then, co-operative development has been unstructured and driven entirely by isolated local initiatives. Even the ambitious effort to spark new generation co-operative development in the last two decades lacked coordinated support (Fulton, 2001).

As noted, recent efforts by emerging sector leadership resulted in the formation of a SCA development committee in 2003. Despite supporting a couple of new start-ups, informants report this committee has no budget and no dedicated staffing. It has no strategic plan, meetings have become irregular, and membership has dropped off. Preoccupied with youth camp out-reach, communication, and networking within the sector and lobbying, development is simply not viewed as a priority for the short-staffed apex organization. The committee, developer training initiatives, and the development centre proposals may represent first steps to meaningful action. Alternately, they may simply represent concessions to a minority constituency within the SCA, or a fundraising effort to backfill for lost dues. All three motives likely exist in an uneasy tension. However, one suspects that if there was real will to pursue development, senior members
of SCA would have made financial contributions toward their organization’s Centre proposal or some form of negotiated compromise. They did not.

What meaningful impetus there may be for systematic sector-focused development in Saskatchewan now comes from outside the province. However, national-level organizations such as CCEDNet, the CCA, and its sector federations like the Canadian Housing Co-operative Federation or the Canadian Worker Co-operative Federation do not have adequate on-the-ground capacity. This situation is far from ideal.

A telling expression of the general disinterest of government in meaningful co-operative development strategy was a decision to roll up a committee to investigate co-operative options for public services in the nineties. Sector and governmental leaders apparently agreed that “the Saskatchewan government was carrying out an effective role in encouraging and supporting the development of co-operatives” (Rasmussen, 2001, p. 122). This inaction in support of sector development, like failures in technical assistance provision and financing support, reflects a clear loss of faith in co-operative development possibilities. This reflects the failure of the sector itself to effectively propose, pressure, and persuade. Indeed, one collaborator likened the dilemma of the province’s emerging co-operatives to that of a neglected child cursed by two equally reluctant parents. Building a sustainable foundation of democratic partnership with the state is a pressing and urgent challenge for future sector and state leadership alike.

8.14 Co-operative research in Québec

From the intensive research conducted by Alfonse Desjardins before launching the caisse populaire movement at the turn of the twentieth century to the role of George-Henri Lévesque’s School of Social Work at Laval in driving the modernization of the co-operative movement and the Quiet Revolution, research has played a formative role at key moments in the constitution of the Québec co-operative system. The central fact of co-operation in Québec sociology, and the central role of Lévesque, has made the study of co-operation a consistent focus. Since the eighties, the intensity of research activity
increased with the jobs crisis. The development of the CDR network by Benoît Tremblay, a professor at HEC, and his subsequent secondment to oversee its roll-out at the ministry responsible for co-operatives in the mid-eighties provides only one important glimpse into the tradition of engaged research at the service of co-operative development in Québec. As study collaborators confirmed, this is a tradition that actively guides contemporary researchers.

A more recent example is a study tour to Europe undertaken by HEC professors Daniel Côté and Martine Vézina. This research was co-sponsored by the sector and the state. It provided a guide for policy reforms in legislation and taxation. It was also a spur to innovation-adoptions in Québec movement and policy circles. This, too, was a strategic intervention in the course of subsequent developments.

Today, two SSHRC funded community-university research alliances focus on co-operatives and the social economy in Québec. There is an active CIRIEC chapter which publishes Économie et Solidarité and CRISÉS, a research network devoted to the study of social innovation. The CQCM recently hired an in-house research director to further strengthen these linkages. Through movement publications and frequent fora, this dense network of social scientific and business researchers overlaps with policy-makers and activist circles. The result is a highly expert, innovative, and reflexive movement culture that enjoys significant credibility and influence with policy-makers.

8.15 Co-operative research in Saskatchewan

Although prairie sociology, since the landmark publication of Agrarian Socialism in 1955, has recognized the importance of co-operatives, adult education efforts in co-operation were not primarily anchored in universities. Instead they were rooted in farmers’ movements, the agrarian press, and later in training retreats for fieldmen, directors, and managers at the Co-operative College of Canada (Crewe, 2001). Formal academic research on the movement arrived late to Saskatchewan. In part, this reflected late settlement of the Prairies, the small population base of the province, its small and late-blooming university sector, and the early emphasis on extension services to farm communities and the new co-operatives of the day. These factors further delayed
academic specialization and the development of significant research capacity until the formation of the Centre for the Study of Co-operatives at the University of Saskatchewan in 1984. The formal institutionalization of academic research capacity on co-operatives in Saskatchewan thus lagged the research program initiated by Lévesque in the Faculty of Social Sciences at Laval by nearly half a century.

This research centre contributed significantly to co-operative development strategy at the federal level (Hammond Ketilson et al., 1992; Fairbairn et al., 1993). Yet, from its first conference on worker co-operatives in 1985, it was clear that there was much work to be done at the provincial level. Bureaucratic inertia and entrenched attitudes were powerful obstacles to new sector development. Momentum from this gathering dissipated as the dark clouds of agricultural decline shifted the political culture against demanding and expensive new campaigns. Despite its small size and relative youth, the Centre has nonetheless played an important role in raising the profile of co-operatives and in supporting sustained reflection on the promise and perils of Prairie co-operation. This has included significant SSHRC-funded research, including the social economy CURA which has supported this study. Although the epic project of re-thinking co-operation in Saskatchewan is still in its early days, this forum provides an important venue for critical dialogue and movement regeneration.

The elimination of the Centre’s grant in the Provincial 2010-11 budget poses a new setback for co-operative development in Saskatchewan. In particular, it undermines the Centre’s ability to act as an “honest broker,” bringing state and sector personnel together on neutral terrain. This makes an already difficult situation infinitely more daunting. Much remains to be done to rebuild commitment to an innovation agenda for co-operatives in Saskatchewan.

8.16 Emerging themes: Conceptual barriers to co-operative development

This study has provided a relatively detailed account of the historical complexities of the co-operative development paths of Québec and Saskatchewan. The seven development
mechanisms outlined by the CCA’s Co-operative Development Strategy Council draw attention to several dilemmas in development, including the key role which guiding visions play in movement action (or inaction). For this reason conceptual models of co-operative development strategy are crucial. Since the eighties, Québec and Saskatchewan have embraced very different conceptions of co-operative possibility: one dominated by a managerial ideology focused on the growth of established sectors; the other also committed to the collective entrepreneurship of a developmental movement. The next sections address how managerial movement frames are also conceptual barriers to new co-operative development.

8.17 Comparative innovation systems: From diffusion to dissemination

At the most general level, this study demonstrates a fundamental conceptual and strategic difference between the Québec and Saskatchewan co-operative development models since 1980. For a pattern of consistent polarization cross-cuts the provincial approaches to each of the development mechanisms identified by the seven pillars model. In Saskatchewan, state and sector personnel respond to proponents’ inquiries from the field (Co-operatives Directorate, 1997; McCarthy, 1985). This is a passive or reactive model, in line with the dominant managerial ideology. By contrast, Québec’s development system is structured and staffed to provide comprehensive promotion and support to co-operative development. Québec sector and state personnel work closely together, often with other social movement partners, to “co-construct” public policy. Together, they build infrastructure for technical and financial assistance, stimulate demand, promote new models and applications, plan campaigns, and actively build an ever-widening range of services to provide incentives and support to co-operative start-ups. This is an actively interventionist or proactive model, in line with the developmental ideology shared by the movement, state, and other social movement actors.

The difference essentially amounts to the difference between a commitment to a passive model of co-operative innovation based on a naturalistic process of diffusion in Saskatchewan and an active model of co-operative innovation dissemination in Québec.
8.17.1 Diffusion and reaction: The Saskatchewan model

The Saskatchewan Co-operative Association, which has abandoned state-sector partnership around technical assistance delivery in favour of a streamlined vision of core service to existing sectors in recent decades, currently comes closer to the ideal type of the competitive movement. The approach of the Saskatchewan government and sector to servicing requests from co-operative proponents assumes co-operatives spontaneously emerge and need only minimal supports. The governing assumption is that co-operative development is a gradual process of diffusion. Good ideas spread. When they match peoples’ needs, they are adopted. As they proceed to adopt the innovation, some assistance may be necessary from a responsive agency. This basically laissez-faire model relies on a semi-automatic diffusion of co-operative innovations. Certainly, this emphasis on self-help and voluntarism has a nostalgic resonance with rugged frontier individualism and the pioneering ethos of the co-operative movement. It also provides a handy justification for sector and state managers who have systematically stripped “expendable” movement education, development capacity and supports, or who simply have other priorities.

However, an examination of the actual historic foundations of Saskatchewan co-operatives does not support this “common sense” interpretation of people simply pulling themselves up “by their boot-straps” (Hammond Ketilson et al., 1992, p. 4). In fact, as this study has illustrated, the early co-operative movement in Saskatchewan relied heavily on vigorous mobilizations. It invested in networks and institutional intermediaries such as movement organizations (the TGGA, SGGA, and the UFC), the agrarian and co-operative press (*The Guide*, *The Progressive*, *The Western Producer*, and *The Co-operative Consumer*), parent co-operatives (the Saskatchewan Wheat Pool), apex organizations (the Co-operative Union of Canada, the Saskatchewan Conference of Trading Associations, the CCA—Saskatchewan Region, and the SCA), and educational intermediaries (study groups, Womens’ Co-operative Guilds, fieldmen, youth camps, co-
operative summer schools, the Western Co-operative College, and the Co-operative College of Canada).

As Hammond Ketilson et al., (1992) explain, “every major co-operative movement in Canada today was sponsored originally by some larger social movement and received educational and organizational assistance from established agencies possessing staff and other resources” (p. i). As Maaniche’s “generation and a half theory” suggests, the loss of movement knowledge and understanding of how new co-operatives develop reflects the decay of institutional memory and movement know-how in the commanding heights of the established co-operative sectors. MacPherson suggests arrested co-operative development reflects a “loss of organizing skills.” Without educational interventions, our “understanding of how co-operative entrepreneurship, building on context and networks, worked in the past” simply decays over time (1987, p. 10).

Crucial elements of the Saskatchewan mobilizing network have been systematically dismantled over the years. Some have been wound down (fieldmen, the agrarian and co-operative press, the women’s guilds, the Co-operative College) while others have been under-resourced (Co-operatives Branch, SCA). The co-operative development system has thus fallen into a state of disrepair, and dysfunction. It is now unable to regenerate the movement. Start-ups are in steep decline and the movement culture shows symptoms of stagnation and fatalistic resignation. Even on the movement’s own terms, development action is modest.

The coordination failure in co-operative development in Saskatchewan thus reflects an underlying crisis in how we think about co-operative development. This study lends overwhelming support to the interpretation that co-operatives do not simply emerge “naturally,” wherever there is a need. History shows that new co-operative development requires structured intervention and an extraordinary marshalling of education, organization, and support. Infrastructure which has been pared back and dismantled over the years has come at a price to current development capacity. Restoring it will require
movement reinvestment, ethically, conceptually, and practically. Comparative experience in Québec supports this interpretation.

8.17.2 Dissemination and accompaniment: the Québec model

As this study demonstrates, the Conseil québécois de la co-opération et de la mutualité (CQCM) currently embraces a developmentalist orientation, actively engaged in social innovation (including sector-state partnerships such as the delivery of technical assistance through Québec’s province-wide network of eleven co-opératives de développement regional). The Québec development regime thus places considerably less faith in the “invisible hand” to guide individuals to the co-operative model. It invests in planned and comprehensive innovation dissemination. Its agents are not asked merely to stand at the ready to assist proponents as they step forward. As interviews and site visits have confirmed, the Québec movement systematically and aggressively promotes the co-operative option through the CDR network.

CDRs organize continual outreach to youth, co-operatives and caisses populaire, other development agencies, and the general public in their development zone. Ongoing education and promotion are reinforced with targeted campaigns for specific models and applications. By organizing ongoing campaigns, the CDRs stimulate demand, broaden the base for co-operative innovation-adoption, accelerate the innovation-adoption process, and cultivate a business culture in which co-operatives are a visible, credible, and compelling option. Laws and technical assistance enhance the attractiveness of the option and increase prospects for its successful adoption. Tax incentives and targeted co-operative financing pools give groups attractive incentives for joint risk taking. Through continuous campaigning, the CDR network establishes the infrastructure for a sustainable, systematic, and developmental movement—alert to emerging opportunities and prepared to stimulate, support, and accompany proponents through the early stages of new co-operative formation.
This approach relies on effective organization and “concertation.” Movement intermediaries, the state, sector federations, and CSOs all play key roles. Planned dissemination campaigns have driven growth of several emerging sectors including worker co-operatives, worker shareholder co-operatives, solidarity co-operatives, funeral co-operatives, ambulance co-operatives, and proximity service co-operatives. The state and sector are presently collaborating on the development of a strategy for co-operative retirement succession. This involves the development of a campaign: including a strategy, training modules, background materials, promotional materials, and guidelines for this particular form of intervention and development practice. Each CDR also develops its own dissemination strategy based on the particular structure of opportunity in its region. Overall, the fundamental advantage of the Québec model is that it is based on a strategic, active, and targeted approach to co-operative development and a commitment to constant campaigning. It thus recalls the historic role of similar grassroots education and organizing efforts in the movement’s formative stages.

In Québec, traditional development mechanisms have not been wound down or de-funded as traditional methods failed to meet new needs. As job creation and regional development capacity became urgent priorities, the development system was re-invented, with renovated or scaled-up intermediaries. Québec co-operative leaders thus built a modernized infrastructure. It fulfils expanded development functions through new institutional means. This modern development network assembles a permanent infrastructure for continuous innovation dissemination. It drives co-operative start-ups and contributes to a vibrant and healthy movement culture. A vigilant entrepreneurial movement, its performance meets and exceeds the commitments set out in the CCA’s seven pillars and represents important innovations in co-operative development (Côté, 2007).

8.18 Emerging themes: Structural barriers to co-operative development

Another theme that emerges from this study is the importance of effective coordination of diverse interests in co-operative development strategies, as MacPherson (1987) also emphasizes. Central to this problem is the question of who (if anyone) is responsible to
advance new development. This is essentially a matter of agency and apex organization governance. For example, this study finds that provincial coordination failure in Saskatchewan is rooted in a principal-agent problem. Established co-operative representatives have the least obvious and immediate interest in creating effective development strategies. Yet they dominate the movement’s apex organization, the SCA. According to one well-placed insider informant, the SCA is primarily a vehicle for staging youth camps, networking (including golf tournaments), and for lobbying—in that order. Development is not a priority.

On the one hand, the marginalization of development is a practical accommodation. The SCA does not presently have the capacity to effectively support development. As a result, there is little to discuss. It’s just not a realistic prospect for a short-staffed organization. On the other hand, the failure to commit meaningful resources to a comprehensive strategy is a political choice. Apparently, investing in development does not coincide with the interests or ideology of the dominant faction on the board, or their home cooperatives.

The SCA governance structure reflects and reinforces inequality among the sectors. For example, this informant also confirmed that the SCA typically assigns its top executive posts to the members who pay the highest dues. This provides a virtual veto on democratic decision making. Although business is conducted by formally democratic means, established practice has dictated that the FCL representative will serve as president and the SaskCentral representative will serve as vice-president. The unintended consequence of this practice is to institutionalize an inverse relationship between a

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104 Of course, this is also true at the federal level. While emerging co-operative sectors have some representation within the CCA, it is marginal. There are four national sector federations for emerging sectors (Canadian Worker Co-operative Federation, Community Health Co-operative Federation Limited, Co-operative Housing Federation of Canada, and the Coop-Zone Developers’ Network Co-operative). Observing scholars from three co-operative studies institutions, granted auxiliary membership, might be expected to appreciate the predicament but don’t have votes. In any event, even in a situation of total solidarity, this bloc would still be handily swamped by the 33 established sector members that all do have a vote. While the overwhelming influence is exercised by established co-operatives, at least these four emerging sectors have a voice and a vote. Other sectors don’t even make it to the table. Childcare is the obvious example. At the national level, this sector has been unable to sustain a sector federation. Childcare representatives are not at the national table and their voices are therefore not heard.
representative’s interest in emerging sector development and the weight of their voice in movement deliberations.

To make things worse for the emerging sectors, their national sector federations often have weak or non-existent representative structures at the provincial level. Study informants reported that emerging sectors that do manage to make it to the table provincially are chronically under-resourced. Their unpaid volunteers can not rely on per diems, office space, or staff support. They may be unable to attend regularly. They may also have difficulty being heard over the dense network of shared interests, values, and relationships which binds the clique of old co-op leaders.

Further reinforcing this polarization are divides of gender, class, race, age, and ideology. Old co-ops are more likely to draw on middle-aged, white, male managers as their delegates. New co-ops are more likely to be led by younger working people, often women. Old co-op representatives are more likely to be from the country. New co-op representatives are more likely to be from the city. Old co-op delegates are insiders. New co-op delegates are outsiders.

An example that demonstrates the growing gulf between the co-operative establishment and the emerging movement rank and file is the case of childcare. In Saskatchewan, there are now more childcare co-operatives (including pre-schools and daycares) than credit unions. Yet, the province’s 64 credit unions (Credit Unions of Saskatchewan, 2010) have the resources and organization to play a dominant role in the SCA. The province’s 99 childcares (Co-operatives in Canada, 2003), on the other hand, don’t even have the resources to create a sector federation. This constituency is not at the table in Saskatchewan despite the fact that half the childcare co-operatives in Canada are located in Saskatchewan. While childcare co-operative memberships are characterized by a continuous and rapid turnover of over-extended working parents, this structured silence in leadership circles reinforces insensitivity to the plight of working parents (increasingly, its movement base) and to the needs and promise of this emerging sector.
Another curious convention at SCA that fuels emerging sector alienation relates to board elections. Although there are only nine member organizations, interviews with a couple of SCA insiders revealed that an annual election is nonetheless held to select seven board members. This seems unnecessary and counter-productive, since it excludes two members from decision-making and governance. Clearly, a nine member board is far from onerous. The practice of excluding two in competitive elections is also potentially humiliating, an incentive to simply resign rather than be “fired.” It thus serves to exclude emerging sector experience, expertise, and involvement since new co-operative representatives know who have the least social capital at the movement’s upper reaches, the least familiarity, sympathy, and perceived competence in the institutional politics of the established co-operatives, and are therefore most likely to get voted off the ticket.

There is both a charitable and a cynical interpretation for this curious board structure. The charitable view is that this arrangement is a historic product of better days when the movement was more diversified and the number of members was more unwieldy. In this view, the effort to streamline simply reflects the penny-pinching you might expect from a well-meaning board dominated by managers and financial services representatives. The cynical view is that this is not a clumsy failure to be adequately empathetic and inclusive but a calculated exclusion. Excluding the bottom two members from board service insures that the five established sector members (Federated Co-op Ltd., Saskatchewan Credit Unions, CUMIS Insurance, The Co-operators, Concentra Financial, and Access Communications Co-operative Limited) maintain their majority. Without limits on board size, an insurgent majority could (theoretically at least) force expensive commitments on the movement, for which the established co-operatives would have to pay their share. Board limits protect against late joiners, like the four current new co-ops and new co-op federations, from spending the old co-ops’ money frivolously (on development schemes for example). Presently, the new co-ops include Farmer Direct, the Co-operative Housing Association of Saskatchewan, the Community Health Co-operative Federation Limited, and the Canadian Worker Co-operative Federation. Limiting their representation on the

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105 In Québec, for example, the CQCM executive council has an executive of 7 but a board of 14 additional directors (including two observers). That’s a total of 21 members compared to the SCA’s felt need to trim its board of 9 down to 7.
board ensures a comfortable structural majority in favour of the co-operative establishment. It confines the emerging co-operatives to a safe minority. SCA governance is thus based on a patron relationship rather than a substantively democratic process as it compels the emerging sectors to special pleading with the entrenched establishment bloc. Whether this arrangement is accidental or intentional, the consequences are clearly not favourable for a developmental movement. This helps account for deep-seated disappointment and distrust with the big co-operatives encountered in several interviews.

It is worth noting also that the established co-operatives are not simply bound together by an economic interest in minimizing dues or the cohesive social ties of an “old boys club.” The financial sector is also tightly inter-locked and over-represented within the SCA. CUMIS Insurance provides products to the credit union system and Concentra Financial is owned by the national credit union system. Clearly, one might expect a common front amongst these members and Credit Union Central. Similarly, one might expect a coincidence of interest and outlook between CUMIS Insurance and Co-operators, since CUMIS is partly owned by Co-operators. The possibility of block voting against proposals, such as funding a development centre, seems far from remote given the coincidence of interests, outlook, and career incentives. With forty percent of the SCA membership rooted in the financial sector, this practically amounts to a controlling interest in the Saskatchewan movement’s apex organization.

In any event, there appear to be only three resolutions to this situation. One would be for the emerging co-operatives to formally withdraw from the SCA and establish a new organization to better advance their interests. This would be undesirable for both parties. It would leave the already under-resourced emerging sectors even further isolated and vulnerable, and further strain relations. It would also deepen already pervasive cynicism toward the “big co-ops,” and deprive them of further credibility. The second option would be good faith negotiation for governance reform to more meaningfully include the historically marginalized emerging sectors, although this flies in the face of vested interests and entrenched incentives. The third option would be an inside-outside strategy. Emerging sectors would both maintain formal ties with the SCA and push for
democratization. At the same time, they would refocus their efforts on building an independent vehicle for their specific needs, and alliances. For example, a more decentralized and development-focused membership could form under the umbrella of a Saskatchewan region of the Canadian Community Economic Development Network (CCEDNet) (Downing & Neamtan, 2004).

Ultimately, the success of reform efforts at SCA would rest heavily on movement education and moral suasion. For the essential barrier to effective coordination is free riding behaviour. Established co-operatives once benefited from considerable investments of voluntary and institutional investments and supports in their own founding periods. In the Depression, Wheat Pool fieldworkers built the foundation for Co-operators by selling its policies, even waiving commissions to help establish the enterprise. Similarly, credit unions were organized by state and Pool fieldworkers in this period. Even Federated Co-operatives Ltd. has its roots in the work of Pool elevator agents and fieldmen. Together with the early Co-operative Wholesale Society, buying clubs for bulk commodities like binder twine, coal, and fuel were established around local Pool committees. Many of these “affiliates” would eventually grew into free standing retail stores or service centres. However, present-day established sector representatives are reluctant to contribute to the support of emerging sectors. The “principal” thus fails to exercise representative and duly diligent leadership for long-range movement renewal; leadership fails to act as a good faith “agent” for the movement at large and instead serves the short-term, narrowly defined sectional interests of the “big co-ops.” This creates a leadership vacuum. State action is precluded by its increasing fiscal conservatism and retrenchment behind investor-led development strategies and the sector’s ambivalence about state-led development efforts in any event. The marginalization of weak and vulnerable emerging sectors clearly prevents them from asserting effective leadership without support. Overcoming the perverse incentive which prevents established sectors from movement-building and lending support to new co-ops thus rests largely on forging a settlement on “where to meet.”

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One possible resolution may rest in a regionalization strategy similar to the Québec approach.\textsuperscript{106} This strategy can address the financing problem. SCA clearly lacks the resources and established members lack the interest or willingness to foot the bill for serious development work. Since SCA is a provincial apex organization, this precludes it from signing up first tier, dues-paying members (like Saskatoon Co-op or Affinity Credit Union). They are already represented by their own second tier co-operatives (FCL and SaskCentral). Establishing regional structures may thus create a way to sign up and involve base co-operatives at the regional level without undermining the provincial structure of authority or the reluctance of the provincial apex organization or centrals to increase dues on member co-operatives. Since regions are a logical base of development activity and local co-operative dues would not come out of central funds (although the centrals may choose to “match” to ensure the strategies’ success), this would not expose the centrals to additional expenses. Since these dues would be “new money” they could also be considered matching funds for state support. Ideally a three-way contribution agreement, including the apex organizations, the participating base co-operatives in each region, and the provincial government would drive the strategy. Theoretically, this could break the current sector-state and established-emerging sector impasses by both proposing a credible and compelling development strategy and defining a new place to meet for cost and effort sharing.

This approach would also meet an emerging need for established co-operatives to find new means for rebuilding local attachments as they amalgamate, merge, and centralize operations. In the credit unions this is taking place at a dizzying rate. While most multi-regional credit unions and co-operatives have district representative structures, they do not presently have formal inter-co-operative linkages at the regional level. As the CDR network experience suggests, there are considerable benefits to rebuilding those horizontal relationships at the regional level. The prospect of regional co-operatives

\textsuperscript{106} This is far from an original proposal. Fairbairn et al. (1993) proposed that Prairie “established co-operatives should provide the leadership for the formation of co-op councils. Established co-ops should also make a major effort to identify the possibilities for commercial partnerships with emerging co-ops” (xxi). Quarter and Wilkinson (1995) also proposed a community economic development approach in which geographic regions become the basis for organization and development for localized co-operative development systems.
pooling funds, professional support, and volunteer effort to support emerging childcares, housing, home care or meet other local needs of strongly felt local importance could deliver considerable marketing returns to participating co-operatives. It could also strengthen worker and consumer loyalty, realizing significant untapped development potential on the ground.

Like the CDR network, this system could also be managed through the provincial apex organization, the SCA. This would help shore up the SCA’s financial viability and ensure that provincial leadership remains aligned with the development strategy. Ideally, regional co-operatives—following the Québec model—would federate as a sector and help infuse their regional development perspective into longer range movement deliberations at the provincial level.

Finally, contracting the development of this network to CCEDNet, which has a fieldworker for Manitoba and Saskatchewan, would leverage the development experience, expertise, and contacts of that network. Since the SCA was never intended to serve as a development agent, development is a low priority, and previous recommendations to the sector (Fairbairn et al., 1993, p. xxi) have floundered, contracting this piece of the strategy out simply makes good sense. SCA lacks the necessary staffing, networks, and experience to build a CED approach alone. Additionally, this strategy would also provide a space for emerging co-operatives and local developers to exchange information and experiences, and tap into tele-learning sessions, conferences, and the larger development network. In this way, connection to CCEDNet might recreate some of the co-operative adult education infrastructure that once paralleled official governance structures but has been dismantled over the years.

8.19 Beyond Checklists: Context, sequence, and pacing

As Stiglitz (2003) has argued, in another context, issues of sequence and pacing are also decisive to the success, or failure, of development innovations:
Perhaps of all the International Monetary Fund’s blunders, it is the mistakes in sequencing and pacing, and the failure to be sensitive to the broader social context that have received the most attention—forcing liberalization before safety nets were put in place, before there was an adequate regulatory framework, before the countries could withstand the adverse consequences of the sudden changes in market sentiment that are part and parcel of modern capitalism; forcing policies that led to job destruction before the essentials for job creation were in place; forcing privatization before there were adequate competition and regulatory frameworks. Many of the sequencing mistakes reflected fundamental misunderstandings of both economic and political processes, misunderstandings that were particularly associated with those who believed in market fundamentalism. They argued, for instance, that once private property rights were established, all else would follow naturally—including the institutions and the kinds of legal structures that make economies work. (2003, p. 73)

Of course, the IMF’s neo-liberal reform project reflects its own logic of historical development, and has its own specific contradictions. However, it does serve as a useful cautionary tale against piecemeal co-operative development tactics. Stiglitz warns us, for example, against lobbying for financial instruments without also organizing the political mobilizations necessary to implement the programs; against securing technical assistance programs without undertaking the cultural mobilization necessary to drive demand for the services once they have been put in place. Stiglitz’s emphasis also serves as a reminder of the importance of a systemic and transformative approach. As Lewis (2005) has argued, successful interventions need to be based on an understanding of “the local or regional situation … as a development system in disrepair, not a collection of loosely related problems and needs” (p. 9). Of course, public programs tend to favour project funding. This makes selling a broad-based and integrated strategy to government difficult.

Over the last three decades, there has been persistent recognition of the need for a comprehensive approach at the federal level, even if it has been a minority view and a low priority within the established co-operative sector. Federal-level strategic reflection is perhaps best reflected in: the 1984 National Task Force on Co-operative Development, which established the need for concerted development action (National Task Force on
Co-operative Development, 1984); the 1991 creation of a First Ministers Task Force on the Role of Co-operatives and Government in Community Development, which clarified the options for state-sector collaboration (Hammond Ketilson et al., 1992); the work of the CCA, CCC, and Co-operatives Secretariat on a steering group in 1993, which spelled out an action-plan (Fairbairn et al., 1993); and the most recent iteration of strategic reflection within the CCA (2007), the work of the Co-operative Development Strategy Council, which resulted in the “seven pillars model.” This most recent expression of strategic reflection at the federal level provides a comparative benchmark for measuring progress in Canada’s two most co-operative provinces.

While much research, analysis, and discussion has taken place over the last three decades, effective implementation of development strategy ultimately depends on successful engagement, and negotiation, with the state. Comprehensive and sustainable measures simply require substantial, broad-based multi-year funding commitments along the model of Québec’s integrated co-operative development model ($12 million over three years) (CCA, 2007) or CIDA’s five-year terms of support for CCA’s international development program: $15.4 million for the 2008-9 fiscal year (CCA, 2009). As movement leadership is only too painfully aware, piecemeal and contradictory reforms, reflecting the prevailing winds of political opinion or the availability of end-of-year surpluses in specific programs rather than coherent, consistent, and comprehensive program and funding commitments, imply piece-meal, contradictory, and unsustainable outcomes. This understanding, however, may act as yet another brake on forward movement, further fuelling demoralisation, demobilization, and defeatism.107

107 In contrast to being held captive to funding and program pressures that distort development strategies, Stiglitz (2003) provides a useful counter-example of decisive cultural shifts: the Ugandan decision to abolish school fees as part of its strategy to educate girls. Based on a more comprehensive and nuanced understanding of the social context and culture of development, he argues that this decision was an historic mobilizing initiative in the country’s literacy movement and women’s movement: “Most countries, facing severe budgetary constraints, have followed the Washington Consensus advice that (school) fees should be charged. Their reasoning: statistical studies showed that small fees had little impact on school enrolment. But Uganda’s President Museveni thought otherwise. He knew that he had to create a culture in which the expectation was that everyone went to school. And he knew he couldn’t do that so long as there were any fees charged. So he ignored the advice of the outside experts and simply abolished all school fees. Enrolments soared. As each family saw others sending all of their children to school, it too decided to send its girls to school. What the simplistic statistical studies ignored is the power of systemic change” (p. 76).
Despite the difficulties of thinking outside the bureaucratic silos of government programs and funding, comprehensive rebuilding of a failing development system may be required. This implies a shift from the command and control issuance of policy and programs from a centralized sector or state Ministerial branch to the network management approach of a developmental state (Mackintosh, 1993) and a developmental movement. This approach needs to be collaborative and involving. It needs to pool a vast network of institutional, movement, and state perspectives, proposals, resources, and energies. Breakthrough achievements require breakthrough thinking and re-organization. They require democratic partnerships.

The Québec co-operative development policy (Québec, 2003) provides one example of a developmental approach based on partner networks. In contrast to the command and control state, it identifies eleven distinct organizations—in addition to “government” and “universities,” as responsible for the success of its action-plan items. The university partnership network alone is impressive. It includes the Desjardins Study Centre on Co-operative and Financial Service Management at École des hautes études commerciales (HEC Montréal), the Guy-Bernier Co-operation Chair at Université du Québec a Montréal, the Research and Training Institute at Université de Sherbrooke (IRECUS), and the CIRIEC research network. This collaborative approach was supported by aggressive animation and consultation efforts. The preliminary draft of the plan was posted to the Ministry website, mailed to thousands of interested groups, and provided the basis for a wide consultation. This included 23 meetings and presentations attended by 324 group representatives and 850 individuals. 77 briefs or letters of comment were submitted. The implications for co-operative development are varied and significant.

Perhaps the main point is to conceive of the development process in terms of the development system that is to deliver and coordinate the necessary activities and supports. For example, before proposing to simply replicate Québec’s network of regional co-operative development centres (CDR), which are arguably the force motrice of the Québec development system, it would be prudent to ask a few questions about the network’s role within the wider development system which it anchors. These are largely
strategic sequencing considerations or questions of the reciprocal interdependence of
discrete innovations. It would be useful to ask if the previous innovation decision to
convert CEGEP and university bookstores to student co-operatives created an essential
openness to co-operative entrepreneurship among the young as they moved into the
labour market. If so, there would be some merit to pursuing a youth-based strategy, such
as bookstore conversions, early. This would better prime the take-up of future technical
services for other new co-operatives, grooming staff to train for careers delivering those
services. Similarly, it would be salient to understand whether the introduction of
specialized financing pools and tax-incentives were essential to the willingness of CDR
clients to assume the risks involved in co-operative enterprise. If that were the case, then
it would be wise to first set up those financial instruments and to roll out aggressive and
escalating promotion of those incentives as the CDRs became fully operational and able
to meet increasing client demand. And, of course, it would be useful to understand how,
or whether, the active engagement of the research community and social movements in
developing this social project helped create the culture of political and popular
confidence necessary to the new system’s success. Clearly, this all raises the larger
question of the “chicken or the egg,” or what Rogers (1995) calls “reciprocal inter-
dependence” (p. 315). It took decades to build the Québec model and even the CDR
network was expanded in stages, gradually demonstrating the innovation’s potential, and
building political support.

Other jurisdictions considering adoption of this innovation would require an
understanding of the social context and systemic character of the CDR network’s success.
Simple replication of individual elements of the development system without a larger
strategic effort to also replicate, or reinvent, other integral elements of that development
system would certainly lead to the kinds of failures of which Stiglitz warns. Indeed, ill-
conceived, incomplete, or ill-sequenced reforms may create more problems than they
solve. They may also undermine the political viability of introducing more coherent
reforms in the future.
Unfortunately, given the dependence of the CCA and SCA on the prevailing winds of political program and funding priorities, the development of a coherent and comprehensive strategy that is sector-led is fraught with these types of dangers. While the CCA is certainly correct to argue that the ad hoc funding of the Co-operative Development Initiative “should be linked to a broader development strategy that is created and led by the co-operative movement,” the politically precarious character of federal funding forced the Council to hedge its bets. “The strategy will be implemented incrementally and will consider the capacities (human and financial) of CCA, the provincial co-operative associations, and other stakeholders” (CCA, 2007, pp. 8-10). Barring a federal change of government, and policy-direction, it is hard to imagine decisive gains over the short to medium-term. In part, this explains the recent turn toward supporting provincial reform efforts where winning conditions prevail (CCA, 2010; Lewis, 2010). Ironically, given entrenched resistance to development action in the structures of provincial sector power, continued CCA guidance “from above” may help open the structure of opportunity for emerging sectors and enable regeneration “from below.”

8.20 Historical findings: Diverging paths, compelling lessons

The co-operative movements of Québec and Saskatchewan both prospered through the twentieth century. From rural roots they played defining roles in building modern economies and political cultures. Arguably, they were Canada’s leading co-operative provinces. Separated by language, culture, geography, and the structural conflicts endemic in Canadian regionalism, Québec and Saskatchewan had much in common. At the historic root of their shared commitments to a mixed economy were their experiences with co-operative enterprise. Co-operation not only structured their economies. It also structured a sense of affiliation, identity, and community. Of course, the two provinces and their co-operative sectors were also distinct. These vast differences had significant implications for the divergence of the two movements’ development paths. The size of their provincial populations, the proximity to other major markets, the rural-urban balance, the degree of industrial development and unionization, the rise of vibrant social
movements, and traditions of sector-state and sector-academy relationships all helped channel the two movements to follow different courses.

The globalization wave that washed across Saskatchewan through the eighties and nineties further eroded that movement’s roots in the wheat economy and an agrarian-led left-populism, as family farms disappeared and rural depopulation continued. This all eroded prairie co-operation’s historic social base. Urbanization and the rising resource economy radically undercut the farm-based co-operative movement in Saskatchewan, driving the progressive marginalization of co-operation in the province’s political economy and political culture. While successful Depression-era campaigns to diversify into retailing and credit unionism provided a broader base for further development in urban Saskatchewan, rural restructuring after the eighties forced these sectors to turn inward into closing and merging local operations. Managing these restructurings also increasingly turned established co-operative sectors away from co-operative education, co-operative development, movement-building, and sector-state partnerships. The intensification of competition in deregulated financial markets and the rise of big box retailers such as Walmart and Superstore further entrenched the defensive posture of the credit union and retail co-operative systems. Although the province’s population had shifted primarily to the cities by 1971, the movement—which was led by farmers many of whom were financially and emotionally committed to the defence of the family farm—was slow to reflect this demographic and economic transition. Key to this “blocked transition” was the failure of inter-generational succession and renewal.

Québec’s early co-operative movement also had rural roots, in the early agricultural co-operatives, in the Mouvement Desjardins and in Coop Fédérée. However, this movement was not fundamentally forged as an agrarian movement. Rather, early Québec co-operation was embedded in a church-led defence of the nation—its religion, language, culture, and traditional structure of authority. It therefore also had a contradictory character. It was both empowering for disadvantaged classes and stabilizing for the ancien régime. Until the Quiet Revolution, co-operation in Québec was part of an anti-socialist, Church-sponsored movement of defensive nationalism.
Québec was primarily exposed to the dislocations of globalization through its manufacturing base. The historic rural base of co-operation did not take the lead in the social response, but Québec’s large, unionized working class faced serious structural unemployment, attenuated by linguistic drag on labour mobility. The labour movement and community movements put tremendous energy into harnessing co-operative innovation to address deindustrialization and the jobs crisis. Building on the cultural momentum of the Quiet Revolution, activists struggled to expand the class base of the co-operative movement to better serve its urban, working class, and female constituents.

A province with strong collectivist traditions, a large population base, a major metropolitan centre, a sizeable state with a corporatist tradition, and a significant cluster of research-activists dedicated to co-operative development, these efforts at movement regeneration yielded substantial and systematic innovation. Comprehensive reforms in the available models of co-operative development, tax and legislative policy, development infrastructure, and solidarity finance essentially restructured Québec’s co-operative development system from top to bottom. In a post-Quiet Revolution context, the Québec movement was able to effect a successful inter-generational transition. Co-operation was part of a surging social movement family—energized by a strong women’s movement, the mouvement communautaire, the sovereignty movement, the trade union movement, and the social democratic movement. Québec succeeded in reinventing co-operative innovations to fit the demands of emergent publics in that historic moment.

As this study illustrates, the fate of co-operative movements is clearly embedded in broader social relations. Their rise and fall depends critically on the associational vitality of the social movements which give rise to their development and are the base of new energy, ideas, and activism necessary for new campaigns and overall movement regeneration. Co-operative leaders neglect these social movement ties at their peril.
Québec is currently at a peak of the co-operative development life-cycle, buoyed by an energetic and vital movement culture. The challenge for movement leaders is to ensure its capacity continuously to adapt, innovate, and sustain this recent record of growth and expansion. Sustainable co-operative development means it must always have a campaign in development, a campaign ready to launch, and a campaign under way.

Saskatchewan, on the other hand, is presently in a trough of the movement life-cycle. Its vitality has been sapped by the historic decline of the wheat economy and the numerical and ideological erosion of its class base among middle farmers. The challenge for Saskatchewan is to regenerate its movement on new economic and social bases. Clues to adaptive innovations do not simply exist in the wider universe of contemporary world co-operation in Italy, Spain, or Québec. They also exist in the history of the Saskatchewan movement’s formative years. To achieve the province’s full potential for co-operative development, this movement must, like Québec in the eighties, re-invent itself. Once again, it must broaden out—particularly to youth, women, the urban working class, Aboriginal communities, and new Canadians—to cultivate a new generation of movement entrepreneurs who can expand co-operation’s social and economic base. This means opening up not only to pan-Canadian and international examples and experiences or contemporary community, social, and ecology movements. It means, more importantly, re-learning the lessons of its own substantial history of co-operative innovation, and re-inventing the skills of movement-building (MacPherson, 1987) in the age of the Internet and hyper-mobility.

This study has found that the basis for this divergence between Québec and Saskatchewan has several deep roots. These include the different economic and social bases for the two movements. On the one hand, Saskatchewan has been heavily dependent on agriculture and a traditionally rural membership in a period of agricultural consolidation, polarization, and resurgent individualism. On the other hand, much of Québec is part of Canada’s urban, industrial heartland. It features the highest union density in North America. While Saskatchewan’s political culture has shifted toward a survivalist ethos of competitive and possessive individualism and social conservatism,
Québec’s political culture has shifted toward a strengthened attachment to co-operative and social democratic values, partially driven by the strongest labour and women’s movements in North America.

Also salient are differences in labour mobility, traditionally very high in Saskatchewan but very low in Québec due to language. Labour mobility differences lead unemployed workers to out-migrate in Saskatchewan but have driven the trade unions, the state, and the co-operative movement to innovate in Québec. Francophone workers are simply unable to seek opportunities elsewhere in English-speaking North America, as their counter-parts in Saskatchewan may do. The sticky labour market creates additional pressure on the provincial state to intervene in periods of high unemployment in Québec. This structural vulnerability, exacerbated by deindustrialization and capital flight in recent decades, has driven the sector, state, and social movements into a closer relationship to support co-operative formations. Conversely, increased labour mobility in general in the globalization era has placed less pressure on the provincial state in Saskatchewan to consider co-operatives as a job creation strategy. During this period, state-sector and inter-movement relationships have thus eroded in Saskatchewan.

Another crucial factor in the two movements’ diverging paths is their differing traditions of state-sector relationship. In Québec, there is a tradition of state corporatism, providing a more sustainable opening to long range planning, compromise, and innovation. Saskatchewan’s ideologically polarized, “winner take all” political culture means more political volatility and swings from statism to private-sector led development, each of which marginalizes co-operative development and pours quicksand foundations for policy and program development.

There are also different levels of popular movement readiness to respond, with Saskatchewan’s movements languishing in the wake of an exhausted agrarian left-populism and cuts to advocacy organizations while Québec’s Quiet Revolution had propelled strong movement momentum and built strong, well-funded civil society organizations. Relatedly, there is the question of movement entrepreneurship or
leadership. Québec has demonstrated considerable project focus, movement energy, and innovation capacity typified by the CDR network. Saskatchewan’s focus has been inward-turning, defensive, and protectionist. Québec also enjoyed more long-standing, wider, and better integration of research and movement efforts to develop and diffuse adaptive innovations.

What the future holds for co-operation in Québec and Saskatchewan is unclear given the constant re-invention which market and movement life-cycles demand of contemporary co-operation. What is clear is that there is much for movement leadership to learn from these contrasting experiences in social innovation.

8.21. Conceptual findings: From degeneration to development

This study has assessed the relative health of the co-operative development systems in Québec and Saskatchewan. It combined an interdisciplinary, social movement approach with comparative statistical analysis, comparative historical case studies, and the application of a movement benchmarking tool, the “seven pillars model.” The main empirical finding is that a large development gap opened up between these provinces in the globalization era. The result of a unique conjuncture of historical forces, Québec’s exceptional performance in new co-operative development is ultimately attributed to the modernization of a highly effective, comprehensive, and innovative co-operative development system. Similarly, the relative lag of new co-operative formations in Saskatchewan reflects a development system that has fallen into serious disrepair. The combination of the systematic dissolution of historic development supports with the failure to repair and modernize that development system has driven an historic decline in new co-operatives. These diverging patterns of movement self-regulation and social innovation, in turn, reflect the differing historical experiences of co-operation’s extended social movement families in the globalization era.

This study has also applied the seven pillars model to shed light on the role of coordination failure in the diverging paths of the Québec and Saskatchewan co-operative movements. In development economics, coordination failure is defined as “a state of
affairs in which agents’ inability to coordinate their behaviour (choices) leads to an outcome (equilibrium) that leaves all agents worse off than in an alternative situation that is also an equilibrium” (Todaro & Smith, 2006, p. 808). In large part, the failure of the Saskatchewan movement and state to effectively coordinate development supports stems from a principal-agent problem—an unwillingness or inability to find effective institutional means to share responsibility for movement renewal. Difficulties of movement stewardship and a lack of innovation and due diligence have enabled a precipitous decline in new co-operative development. This has come at a significant opportunity cost to the movement, the Province, and the public interest. The cost of leadership failure will include both lost employment, services, and prosperity for the next generation and the deferred cost, with interest, of repairing a dysfunctional system that becomes more difficult to renovate the further it is allowed to deteriorate.

Of course, while leaders are ultimately responsible for managing crises, they seldom create them. Indeed, this crisis has deep structural and historical roots. The social movement approach and historical case narratives further explain these roots. They suggest the present course and state of these movements need to be understood in terms of movement life-cycles. The Saskatchewan movement is presently in a valley in its life-cycle, driven by the collapse of the family farm, its historic parent movement—the progressive farmers’ movement, and the culture of agrarian left-populism. It exhibits symptoms of advanced movement degeneration, including oligarchization, and a lack of movement entrepreneurship, reflexivity and self-regulation. The failure of co-operative sector actors to effectively coordinate new sector development, and regenerate this besieged and drifting movement, is thus seen as the expression of movement decline and pathology rather than a simple technical or policy problem. This requires significant leadership intervention in conditions that militate powerfully against it.

The Québec movement, by contrast, is in a peak of its life-cycle, demonstrates strong new co-operative growth, aggressive and strategic movement entrepreneurship, systematic movement education and outreach, and ongoing dialogue and reflection on development strategy. Effective coordination and innovation reflect measures taken since
the early eighties to revive a stagnant and gridlocked movement and drive comprehensive innovation and modernization of the development system. Québec movement leadership successfully broadened out in challenging new conditions, solved the principal-agent problem, and found the strategic means to regenerate their movement. The investment of significant sector and state resources in innovation and due diligence has provided considerable returns to the movement, the Province and the public interest. Movement leadership has ensured new employment, new services, and a higher quality of life for Québeckers over the last three decades, a powerful legacy and example in which the emerging generation are now actively involved.

8.22 Avenues for further research

This investigation suggests several priorities for further research to advance our empirical, historical, and theoretical understanding of effective co-operative development systems. Conceptual research (Fairbairn, 2004, p. 22) can provide further strategic clarity to some of the key concerns that emerge from this work. The work of McAdam (1982) on the dilemmas of movement degeneration has clear relevance, as do the work of Develtere (1996) and Fairbairn (2001) on the role of social movement ties in fostering the adoption of the co-operative model to meet emerging needs. Indeed, a central premise and finding of this work has been that the roots of co-operative development lie in vibrant social movement families, and strong social movement ties that encourage activists to take social action for economic power. Further research on this central task of movement-building can also build on the work of Neamtan (2004), Downing (2010), and Mendell (2002).

Further attention to the character of innovation diffusion and dissemination strategies, such as the work of Rogers (1995), can lend greater focus to our understanding of co-operative innovation systems. The work of Cornforth (1988) and Dickstein (1986) can shed further light on the clear centrality this study establishes for intermediary organizations, including co-operative support organizations. Finally, the significance of cultural barriers to co-operative development suggest more focused attention to the
hegemony of the investor-owned firm and the necessary educational interventions, cultural politics, and communication strategies available to more effectively popularize the co-operative model (Baldacchino, 1990; Mendell, 2002; Carroll, 2006) against a hostile environment (Halladay, 1988; Vanek, 1971; Benello, 1982; Greenberg, 1986) for co-operative innovation.

Additional conceptual-empirical research can also advance innovation transfer and re-invention. Each pillar of the seven pillars model represents an area in which more focused attention and detailed work would enhance understanding and ability to act effectively. Similarly, while this exploratory study has been necessarily broad in scope, sector-specific investigations into gaps in housing, childcare, forestry, fishing, or workers co-operatives can provide the concrete specificity necessary to guide sector development strategies. Since Québec and Saskatchewan are large, diverse provinces, a focus on region-to-region comparisons would also generate important concrete detail. Following on Silver (2008), this would better enable the transfer of replicable innovations from Pointe Ste. Charles to the Quint neighbourhoods of Saskatoon, for example, or from Northern Québec to Northern Saskatchewan. A focus on localized approaches would also provide important insights and resources to emerging urban movements.

Focused case studies on specific innovations with high replication value (such as the CDR network, the *Angus Technopôle* industrial park development, student or forestry co-operatives, proximity service rescues or solidarity finance instruments) would further enhance understanding and be of significant value to co-operative movements elsewhere. Of course, while this study has approached co-operative development from the perspective of the movement itself, there is a strong public interest in effective public policy. Further research on policy options can build on the recent work of Loxley and Simpson (2007) and Adeler (2009) as well as the seminal work of the National Task Force on Co-operative Development (1984), Hammond Ketilson et al. (1992), and Fairbairn et al. (1993).
Finally, further comparative case study work on other jurisdictions can also expand the range of understanding and options for innovation adoption. Obvious examples include building on research on world-leading high-performance systems, such as the Mondragon complex (Whyte and Whyte, 1991) and the Italian case (Earle, 1986; Ammirato, 1996). Also valuable would be greater focus on geographically and structurally proximate urban innovation cases such as those of Winnipeg, Manitoba and Madison, Wisconsin.

8.23 Implications for movement action

To conclude, one may ask: what fundamental lessons can co-operators and their social movement allies learn by comparing these highly contrasting, extreme cases? As anomalous cases, there are limits to generalization. However, as ideal types of movements which are exceptionally vulnerable, on the one hand, and exceptionally resilient, on the other hand, these findings have much to offer a fuller understanding of how all co-operative movements may better ensure their sustainability, or regeneration.

As a paradigm of degeneration, Saskatchewan provides a cautionary tale. As a paradigm of regeneration, Québec provides a global exemplar. By comparing why and how these movements took such different paths, movements everywhere can more reflexively modernize their own movements, guarding against degenerative threats and seizing on regenerative innovations that may be prudently adopted, adapted, or reinvented in their own context.

This study illustrates the penalties paid for inattention to the long range viability of regional co-operative movements in light of economic and social trends. It also illuminates the rewards that may be redeemed by more purposefully and effectively adapting to the evolving socio-economic context. While a voluntarist approach to co-operation—as if anything was possible at any time anywhere—would be clearly mistaken, equally mistaken is the determinist notion that there are natural laws of economics or politics that predetermine whether co-operative movements will emerge and sustain themselves or not. Instead, it is important to recognize that movement
entrepreneurs manoeuvre within a set of structured choices, that not all those choices may be viable or sustainable over the longer term, but that those choices matter.

Strategic social movement leadership in the Québec case was able to realize emerging possibilities for co-operative development through a vigorous effort in social innovation and mobilization. By building up commitment to a ‘developmental movement’ model, state, movement, and sector actors were able to coordinate effective responses to the job crisis (through worker, worker-shareholder, and solidarity co-operative models), the fiscal crisis of the state (in homecare and ambulance services), and the crisis of retirement succession (in funeral services). Social incentives to act on imminent problems—rather than retrench—were not a sufficient condition to effective action. A process of strategic and sustained social innovation was also a necessary condition to realizing that potential.

Similarly, while the privatizations of poultry, dairy, and grains in Saskatchewan reflect a deeper malaise—a long-range cultural demutualization of the movement which was not visible until it was too late—the great broadening-out of the Depression era in Saskatchewan built the foundations for a post-agrarian co-operative movement—in credit, retailing, oil refining, and insurance. Strategic social movement leadership in the thirties thus secured a future for co-operation in Saskatchewan that would extend beyond the age of the wheat economy’s dominance. There was in this historical moment a strong incentive for social innovation, and it resulted in a broader, more diversified, and sustainable movement that was regenerated by the new energy, ideas, and constituencies which these campaigns brought into the expanded movement. In this golden age, Wheat Pool field-men and other movement entrepreneurs were able to build up commitment to a ‘developmental movement’ model, and state, movement, and sector actors were able to coordinate effective responses to the crises in banking, supply, and insurance. As with the globalization era in Québec, social incentives to act on imminent problems—rather than retrench—were not a sufficient condition to effective action for co-operation in Saskatchewan. It also required a culture and movement of relentless social innovation.
Perhaps what this tale of two movements teaches us most fundamentally is the importance of a ‘balanced scorecard’ for modernizing co-operative movements. In this approach, co-operative leaders take responsibility for the long range sustainability of the movement as a whole as well as for the business performance of their home co-operatives. This rebalancing implies creating educational and managerial tools and training to nurture and support movement vitality, democratic involvement, and social movement ties (Réseau d’investissement social du Québec, 2005). It requires shifting the culture of co-operation from a ‘bread and butter’ business co-operativism to a more social movement based co-operativism, and from a competitive model of development to a developmental movement model. Unfortunately these intangibles are too easily taken for granted or dismissed—particularly in a crisis context. But this is the type of paradigm shift that rescued Prairie co-operation from the clutches of the Great Depression, and that catapulted Québec co-operation forward in the globalization era which was so punishing to Saskatchewan. In no small part the future of co-operation rests very much on a return to its roots in adult education, social movement ties, and movement building.

Of course, there is no protection against rapid change or churn in the co-operative sector. It is inevitable that some co-operatives will fail. However, this paired case study demonstrates that offence may be the best defence in co-operative sector building. While there is a tendency for mature co-operative leaders and managers to focus on the concerns of their own operations, this study suggests that a more developmental approach is in the enlightened self-interest of all co-operatives over the long term.

The tragedy of the co-operative commons in Saskatchewan provides a warning to short-sighted leadership that do not invest in movement succession and regeneration. The resurgence of co-operation in Québec, by contrast, provides us with a contemporary model for the reform, renewal, and reinvention of co-operation. One important bridge toward a more ‘developmental movement model’ is to find new ways to help managers, directors, allies, and activists to measure what doesn’t show up on balance sheets or in empirical data. These are the movement building activities—from co-operative education to building technical and financial assistance intermediaries—that ensure movement
succession. New tools will be necessary to enable co-operators to act in new ways, to prevent and arrest degeneration, and to put in place sensible regeneration programs. There is a major project in assisting maturing movements that are entering new kinds of crises very different from the formation and growth challenges they faced in earlier stages to succeed.

In McAdam’s terms, realizing the ‘conversion potential’ of social actors—in Depression era Saskatchewan and globalization era Québec—relied not only on objective conditions or frustrated needs. It also relied on subjective conditions, a process of ‘cognitive liberation’ in which old conventions and understandings could be critically reconsidered and co-operative possibilities could be re-imagined and re-engineered. As these cases of successful regeneration illustrate, this is not an abstract theoretical project; this is a long range, difficult process of consensus, institution, program, and policy building. It implies educational interventions, cultural shifts, new alliances, and the reflexive modernization of movement structures. It is a political process.
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APPENDIX A

INTERVIEW GUIDE

Personal background

1. How did you become involved with this organization?

Location of institution within the co-operative development field

2. Tell me about this organization in your own words; what is its purpose? Its history?
3. In your view, how does it relate to the wider network of co-operative development organizations?
4. What are, or do you hope will be, the lasting contributions of your organization?

Globalization

5. Has global restructuring since the eighties affected the work of your organization? How?
6. What is the Saskatchewan / Quebec’s co-operative movement’s greatest achievement in the globalization era? The greatest failure?
7. If you could name one decisive factor in the success or failure of co-op development in your province in recent decades, what would it be?
8. In your view what should be the priority for the Saskatchewan / Quebec co-operative movement moving forward? What is the major obstacle? How can it be overcome?
9. What is your overall feeling about the prospects for co-op development in your province right now? Are you optimistic / pessimistic? Why?

Social movement linkage and vitality

10. How important is the connection of this organization to social movements to its success? How? Which ones?
11. Do you think there is a sense of common purpose across the co-operative and broader social movements? Should there be? Why / why not?
12. Some say the Saskatchewan / Quebec co-op sector has become bureaucratic and has forgotten its social movement roots. Do you think that’s a fair comment? Why?
13. Do you think it’s fair to say that the established co-ops drive the sector’s agenda at the expense of emerging sectors and new co-op development?

Leadership

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14. In recent decades have new actors emerged to lead co-operative development efforts in Saskatchewan / Quebec? Which ones?
15. Would you say the Saskatchewan / Quebec co-operative movement is “innovative”? What is the basis for the movement’s capacity for innovation / its failure to innovate?

Cultural animation

16. Would you say the symbolic power of the co-op model – its popular authority, its prestige and its appeal has changed in recent decades? For the better or worse? Why?
17. Does Saskatchewan / Quebec’s school system help or hinder co-op development? How?
18. Does Saskatchewan / Quebec’s mass media help or hinder co-op development? How?

Finance theme

19. Would you say that Saskatchewan / Quebec has solved the capitalization problem for emerging co-ops?
20. Would you say the co-operative movement is prepared to effectively respond to the financing needs for retirement successions over the next decade?

Technical assistance

21. Would you say that the co-operative movement is prepared to effectively respond to the financing needs for retirement successions over the next decade?

Institution / Network support

22. How would you assess the relationship between the co-operative and social economy movements in Saskatchewan / Quebec? Other movements?

Public policy

23. In the age of globalization, do you think the co-operative movement has succeeded or failed in renewing itself?
24. How important has the core strength of the sector been to movement renewal and repositioning?
25. How important have networks and alliances been to the sector’s success?
26. What new problems has globalization posed for the co-op movement in Saskatchewan / Quebec? Opportunities?
27. How importance has resistance to co-op development been? How? From which actors?

28. Some say governments are biased in favour of the investor-owned firm. They argue that politicians and policy-makers are captive to private investor lobbies such as the Chamber of Commerce. Do you view corporate political influence as a barrier to co-op development in your province?

29. How sustainable do you believe Saskatchewan / Quebec’s co-op movement is politically? Are pro-co-op programs and policies reversible / at risk? Example?

Research

30. Do research networks play an important role in co-op development in Saskatchewan / Quebec? How?
31. Does the research community play a significant role in advocating for the model? with public policy makers? with the public?

Current context

32. Are there any questions I haven’t asked but I should have?
33. Do you have any questions of me?

Wrap up remarks

- Thanks.
- Would you like a copy of the final study?
- Would you suggest any people to whom you think I should also speak on these issues?
- Restate that I will provide an opportunity for review of attributed quotations. Insure I have correct contact information.


**APPENDIX B**

Established non-financial co-operative comparison chart, Saskatchewan and Quebec co-operatives that rank among the Canadian top 50 non-financial co-operatives, 2006 – 2007.

<table>
<thead>
<tr>
<th>Rank by Revenues</th>
<th>Name of Co-operative</th>
<th>Total Revenues ($)</th>
<th>Assets ($)</th>
<th>Total Members</th>
<th>Employees</th>
<th>Major Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Full Time</td>
<td>Part Time</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Federated Co-operatives Limited (Sask.)</td>
<td>5,878,406,000</td>
<td>3,174,698,000</td>
<td>276 (c)</td>
<td>3,145</td>
<td>Wholesaler, consumer goods, petroleum refinery, building materials</td>
</tr>
<tr>
<td>2</td>
<td>La Coop fédérée (Que.)</td>
<td>3,295,448,000</td>
<td>1,014,948,000</td>
<td>94 (c)</td>
<td>11,072</td>
<td>Pork and poultry processing, petroleum, feed mill, farm supplies</td>
</tr>
<tr>
<td>3</td>
<td>Agropur Coopérative (Que.)</td>
<td>2,454,541,000</td>
<td>907,555,000</td>
<td>3,783</td>
<td>4,488</td>
<td>Dairy products</td>
</tr>
<tr>
<td>9</td>
<td>Exceldor coopérative avicole (Que.)</td>
<td>283,786,452</td>
<td>89,982,365</td>
<td>256</td>
<td>930</td>
<td>Slaughtering, processing and marketing of poultry products</td>
</tr>
<tr>
<td>10</td>
<td>Nutrinor, coopérative agro-alimentaire du Saguenay Lac St-Jean (Que.)</td>
<td>267,943,870</td>
<td>78,504,697</td>
<td>1,200</td>
<td>320</td>
<td>Dairy products, petroleum, feed mill, hardware</td>
</tr>
<tr>
<td>11</td>
<td>Interprovincial Co-operatives Limited (Sask.)</td>
<td>250,449,000</td>
<td>19,736,000</td>
<td>5</td>
<td>39</td>
<td>Wholesale distributor of food and farm supplies, produces agricultural chemicals</td>
</tr>
<tr>
<td>15</td>
<td>Saskatoon Co-op Association Limited</td>
<td>203,178,549</td>
<td>63,957,045</td>
<td>67,529</td>
<td>328</td>
<td>Petroleum, supermarket, building materials,</td>
</tr>
</tbody>
</table>

382
<table>
<thead>
<tr>
<th>Rank by Revenues</th>
<th>Name of Co-operative</th>
<th>Total Revenues ($)</th>
<th>Assets ($)</th>
<th>Total Members</th>
<th>Employees</th>
<th>Major Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Groupe Dynaco, coopérative agroalimentaire (Que.)</td>
<td>170,720,612</td>
<td>92,108,480</td>
<td>1,706</td>
<td>378 70</td>
<td>Dairy products, building materials, farm machinery, hardware</td>
</tr>
<tr>
<td>19</td>
<td>Prince Albert Co-op Assoc. Ltd. (Sask)</td>
<td>149,735,396</td>
<td>65,211,295</td>
<td>27,596</td>
<td>323 127</td>
<td>Petroleum, supermarket, consumer goods, farm supplies</td>
</tr>
<tr>
<td>20</td>
<td>Pioneer Co-op Assoc. Ltd. (Sask.)</td>
<td>146,752,667</td>
<td>69,254,016</td>
<td>17,946</td>
<td>160 200</td>
<td>Fertilizer and chemicals, petroleum, supermarket, building materials</td>
</tr>
<tr>
<td>21</td>
<td>Fédération des coopératives du Nouveau-Québec (Que.)</td>
<td>140,466,240</td>
<td>85,671,439</td>
<td>14</td>
<td>108 15</td>
<td>Wholesaler, petroleum, consumer goods, marketing Inuit handicrafts (Northern Québec)</td>
</tr>
<tr>
<td>21</td>
<td>Comax, coopérative agricole (Que.)</td>
<td>137,683,340</td>
<td>49,199,605</td>
<td>831</td>
<td>126 14</td>
<td>Pork, feed mill, farm machinery, farm supplies, petroleum</td>
</tr>
<tr>
<td>26</td>
<td>Profid'or, coopérative agricole (Que.)</td>
<td>123,948,377</td>
<td>35,731,041</td>
<td>972</td>
<td>97 21</td>
<td>Feed mill, pork marketing, petroleum, farm supplies, hardware</td>
</tr>
<tr>
<td>32</td>
<td>Unicoop, coopérative agricole (Que.)</td>
<td>103,082,618</td>
<td>52,445,497</td>
<td>1,805</td>
<td>224 48</td>
<td>Feed mill, pork marketing, hardware, farm machinery</td>
</tr>
<tr>
<td>Rank by Revenues</td>
<td>Name of Co-operative</td>
<td>Total Revenues ($)</td>
<td>Assets ($)</td>
<td>Total Members</td>
<td>Employees (Full Time)</td>
<td>Employees (Part Time)</td>
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</tr>
<tr>
<td>34 33</td>
<td>La Co-op des Bois-Francs (Que.)</td>
<td>100,500,481</td>
<td>47,949,360</td>
<td>871</td>
<td>200</td>
<td>21</td>
</tr>
<tr>
<td>39 41</td>
<td>Sherwood Co-op Assoc. Ltd. (Sask.)</td>
<td>93,671,923</td>
<td>26,593,173</td>
<td>50,040</td>
<td>59</td>
<td>245</td>
</tr>
<tr>
<td>43 48</td>
<td>Société coopérative agricole la Seigneurie (Que.)</td>
<td>66,570,669</td>
<td>23,621,494</td>
<td>1,709</td>
<td>110</td>
<td>15</td>
</tr>
<tr>
<td>44 52</td>
<td>Lloydminster &amp; District Co-op Ltd. (Sask.)</td>
<td>64,067,469</td>
<td>22,694,075</td>
<td>13,183</td>
<td>130</td>
<td>79</td>
</tr>
<tr>
<td>45 47</td>
<td>Citadelle, coopérative de producteurs de sirop d'érable (Que.)</td>
<td>63,995,949</td>
<td>37,197,215</td>
<td>1,971</td>
<td>140</td>
<td>35</td>
</tr>
<tr>
<td>47 51</td>
<td>La Coop PURDEL (Que)</td>
<td>61,521,097</td>
<td>36,052,007</td>
<td>640</td>
<td>88</td>
<td>12</td>
</tr>
</tbody>
</table>

TOTAL : QUE 7,270,208,705 2,550,966,200 15,758 18,281 334
TOTAL : SK 6,786,261,004 3,442,143,604 176,299 4,184 1,149

a: Members loans and patronage dividends portion of long term debt is included with members equity
b: Total liabilities to members equity

c: Member co-operatives representing many thousand individual members

APPENDIX C:

Solidarity finance mechanisms in Québec

1) Development Capital

<table>
<thead>
<tr>
<th>Name</th>
<th>Objective</th>
<th>Total Assets</th>
<th>Source of Funding</th>
<th>Demand/ Clientele</th>
<th>Total Investments</th>
<th>Impact</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fonds de Solidarité</td>
<td>Protect Workers' retirement income while stimulating Quebec’s economy through strategic investments</td>
<td>$7.3 billion</td>
<td>Worker Contribution, Private</td>
<td>Large Companies and SME in almost all sectors, except retail</td>
<td>$4.1 billion in the Quebec economy</td>
<td>126,135 jobs created or maintained</td>
<td><a href="http://www.fondsftq.com">www.fondsftq.com</a></td>
</tr>
<tr>
<td>FondAction</td>
<td>Protect worker retirement income while investing in enterprises to maintain and create jobs in Quebec</td>
<td>$635.6 million</td>
<td>Worker Savings, Private</td>
<td>SE enterprises and SMEs demonstrating participatory management and commitment to the environment</td>
<td>$385.4 million in the Quebec economy</td>
<td>Over 8,000 jobs created or maintained</td>
<td><a href="http://www.fondaction.com">www.fondaction.com</a></td>
</tr>
<tr>
<td>CRCD</td>
<td>To contribute to Québec's economic development and to further the growth of its resource regions</td>
<td>$733 million</td>
<td>Private Investments</td>
<td>Cooperatives or enterprises located in Québec’s resource regions</td>
<td>$470 million</td>
<td>30,000 jobs</td>
<td><a href="http://www.capitalregional.com">www.capitalregional.com</a></td>
</tr>
</tbody>
</table>

2) Solidarity Finance

<table>
<thead>
<tr>
<th>Name</th>
<th>Objective</th>
<th>Total Assets</th>
<th>Source of Funding</th>
<th>Demand/ Clientele</th>
<th>Total Investments</th>
<th>Impact</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caisse d’économie solidaire</td>
<td>Support the development of the social and solidarity-based economy in Quebec</td>
<td>XX</td>
<td>Labour Unions</td>
<td>Cooperatives and Non-Profit Organizations</td>
<td>XX</td>
<td>2,330 jobs created or maintained</td>
<td><a href="http://www.cecosol.coop">www.cecosol.coop</a></td>
</tr>
<tr>
<td>RQCC</td>
<td>Develop and promote the community credit approach in Quebec while ensuring individual and collective well-being</td>
<td>$3.2 million</td>
<td>XX</td>
<td>Partner Organization (community loans and loan circles)</td>
<td>$5 million</td>
<td>2,330 jobs created or maintained</td>
<td><a href="http://www.rqcc.qc.ca">www.rqcc.qc.ca</a></td>
</tr>
<tr>
<td>RISQ</td>
<td>Provide financing to the Social Economy in Quebec</td>
<td>$10.3 million</td>
<td>Government, Private Investments</td>
<td>Social Economy Enterprises</td>
<td>$8, 325,867</td>
<td>4,412 jobs created or maintained</td>
<td><a href="http://www.fonds-risq.qc.ca">www.fonds-risq.qc.ca</a></td>
</tr>
<tr>
<td>Name</td>
<td>FilAction</td>
<td>Fiducie du Chantier de l’économie social</td>
<td></td>
<td></td>
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<tr>
<td>Objective</td>
<td>Meet financing needs of small enterprises and finance community-based funds</td>
<td>Meet the capitalization needs of collective enterprises and give them the support they need for their start-up and expansion projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7 million</td>
<td>$53.8 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of Funding</td>
<td>FondAction</td>
<td>Government, Labour funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand/Clientele</td>
<td>Small enterprises and community-based funds financing the Social Economy</td>
<td>Social Economy Enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Investments</td>
<td>$5 million</td>
<td>$6,447,335</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact</td>
<td>XX</td>
<td>524 jobs created or maintained</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.filaction.qc.ca">www.filaction.qc.ca</a></td>
<td><a href="http://www.fiducieduchantier.qc.ca">www.fiducieduchantier.qc.ca</a></td>
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</tbody>
</table>

### 3) State Finance

<table>
<thead>
<tr>
<th>Name</th>
<th>FLI</th>
<th>FDEES</th>
<th>Investissement Québec</th>
<th>FIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Stimulate local businesses and entrepreneurship at the local level</td>
<td>Promote the emergence of viable projects within social economy enterprises</td>
<td>Promote the growth of investment in Québec and contribute to economic development and job creation</td>
<td>Finance enterprise start-up and development, as well as support the creation of sector funds</td>
</tr>
<tr>
<td>Source of Funding</td>
<td>Government</td>
<td>Government</td>
<td>Government</td>
<td>Government, labour Funds, private investments</td>
</tr>
<tr>
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<td>Social Economy Enterprises</td>
<td>Companies, cooperative businesses and non-profit organizations</td>
<td>Traditional and social economy enterprises</td>
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<td>Website</td>
<td><a href="http://www.mdeie.gouv.qc.ca">www.mdeie.gouv.qc.ca</a></td>
<td><a href="http://www.acldq.qc.ca">www.acldq.qc.ca</a></td>
<td><a href="http://www.investquebec.com">www.investquebec.com</a></td>
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