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THE
CO-OPERATIVE MOVEMENT
IN
NOVA SCOTIA

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THE
CO-OPERATIVE MOVEMENT IN
NOVA SCOTIA.
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Chapter One.

Capitalism and Democracy.

The capitalistic system of economy is generally held by its proponents to be ancillary to the democratic ideal. The basic principle of each rests on the idea of the complete freedom of action of the individual as long as he does not transgress the code of laws designed to promote the well-being of society, these laws being themselves sanctioned by the democratic state. Again, the modern form of democracy grew up with capitalism. For the era of the Industrial Revolution was also the period of political revolutions, both on the continent and in the New World, which undermined despotic forms of rule and proclaimed in the words of Rousseau that " the real sovereign is the people and law is the expression of the general will "¹ While Voltaire, Rousseau, Hume and Montesquieu were propounding the doctrines of the new rational philosophy, and of governmental reform, Smith, Turgot and Hamilton were presenting to the world the new science of political economy. Smith's " Inquiry into the Nature and Causes of the Wealth of Nations" was the most influential economic treatise ever written. With its advocacy of the doctrine of " Laissez-faire" it became the handbook of those who were in a position to capitalize on the radical changes that occurred in industry at that time.

Smith, in championing the cause of laissez-faire, fixed the dogma of rugged individualism as the central principle of capitalism. But he did not foresee the inequalities that this inherently selfish principle would lead to. He firmly believed

¹ J.H. Robinson, History of Western Europe: p.551.

that there would come about the greatest good to the greatest number. As Arnold Tonybee says, "Two conceptions are woven into every argument of the Wealth of Nations, the belief in the supreme value of individual liberty and a conviction that man's self-love is God's providence, that the individual in pursuing his own interest is promoting the welfare of all."¹ The words of Smith himself bear out this contention: "Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage indeed, and not that of society, which he has in view. But the study of his own advantage, naturally or rather necessarily, leads him to prefer that employment which is most advantageous to society.What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident can, in his local situation, judge much better than any statesman or lawgiver can for him."² Turgot, the eminent French economist, was of the same mind. He argues that it would be quite sufficient if "the government should always protect the natural liberty of the buyer to buy, and of the seller to sell. For, the buyer being always the master to buy or not to buy, it is certain that he will select among the sellers the man who will give him at the best bargain the goods that suit him best. It is not less certain that every seller, it being his chief interest to merit preference over his competitors, will sell in general the best goods and at the lowest price at which he can make a

1.A. Tonybee, The Industrial Revolution.

2.Adam Smith, Wealth of Nations; Book IV, Chap. II.

profit in order to attract customers. The merchant or manufacturer who cheats will be quickly discredited and lose his custom without the interference of government."¹

There is no doubt but that the changes which have taken place in the political, social and economic fields within the last century and a half have greatly benefitted humanity. Taking the wide view, in comparing conditions today with those that existed then, we note that astounding advances have been made in all the above mentioned spheres of life. Yet, in spite of this, we find that sentiments of the most bitter and widespread discontent and strife prevail on all sides today. Fear, distrust and open conflict characterize the relations between nations. But, worse still, within the confines of individual nations we find the same manifestations of disorder. For the truth is that living conditions are still relatively far from what they should be. Why is this so? Because while on one hand the new political democracy strove to wipe out class distinctions of one kind, the conditions born of the Industrial Revolution and fostered by the economic theories referred to above, built up class antagonism of an economic nature. This was the distinction resulting from the philosophy of individualism which saw mankind now separated into capitalists and labourers. Instead of Smith's hope for the greatest good for the greatest number, it soon became clear that the new system resulted rather in fewer and fewer cornering more and more of the increased production of wealth. For while the marvellous discoveries and scientific developments would seem to herald the approach

1. J.H. Robinson, History of Western Europe: p.553.

of the millennium, the relative position of the average citizen failed by far to enjoy a proportionate advance.

Undoubtedly there must be some concomitant weakness in a system which apparently cannot find a way to avoid the cycles of disorder it produces, which cannot or will not distribute to a needy world its abundant production, often destroyed to create "economic demand", and which, in fine, turns unsolved problems into insoluble puzzles.

It is an incontrovertible truism that the age of the machine has paced a "march of progress" in which the human factor has failed notably to keep up with the general utopian trend. Since the birth of the era of increased efficiency in methods of production, man's ingenuity, so artful in the field of technical advancement, has failed lamentably to devise the method by which the mass of producers might share equitably in the bounty which they are capable of producing. The evils which our system of capitalism has engendered have been due to an overemphasis of material values. It is chiefly for this reason that capitalism has developed neither a dependable order of stability nor a substantial measure of economic justice for the whole of the people. On the contrary, we have witnessed recurrent and growing periods of economic stress as boom and depression cycles relentlessly succeed one another. With the wide disparity in ^{the} allotment of the spoils of the system, whereby the bulk of the wealth has been engineered into the control of a small but powerful minority, the hardships of periodic crises have inevitably been borne by the masses.

The disparate conditions existing under our present economic set-up have grown upon us because capitalism and democracy have not worked together unto justice. Rather has it come about that

the former has insinuated its influences and dictates so as to stultify the very meaning of democracy. Under the banner of democracy the evils which are purported to be fought are insidiously fostered, so as to undermine the people's faith in their ability to govern themselves. The ebullient state of political and economic ferment, of both national and international character, which dominates world conditions to-day has in varying degrees resulted from an intrinsic weakness in the economic philosophy that grew up with the Industrial Revolution.

The fundamental cause of the failure of our economic system may be traced back to the whole-hearted acceptance of the plausible arguments of Adam Smith and his school of thought in the mid-eighteenth century and later. "The Wealth of Nations" was the handbook of the proponents of the doctrine of "laissez-faire". The principles of free, unrestricted economy, of rugged individualism, were evoked to sanction the exploitation of the labouring classes, who were able to wrest but a modicum of their share in the wealth produced after long and arduous struggles. And it was not only as producers that the common people were maltreated. The profit motive which was the life principle of the philosophy of "free competition" inevitably led to the further exploitation of the labourer in his capacity of consumer.

Instead of the liberty of the individual tending to the general interest of all, the owning class more and more assumed the role of economic despots. There was gradually evolved those warped and unethical devices of business manipulation which rendered the situation increasingly abnormal. The gap between the owning few and the labouring many became wider and wider. As Disraeli put it "The unequal division of the fruits of the combined labor of the

working community divides us into two nations : widely differing from each other in education, in comfort and in security."¹

The same principles of free competition and selfish individualism have entered the domain of international^{trade}/relations. Nations scrambled for colonies with the motive of profits the foremost consideration. As in the case of the members of the individual nations, so among the countries of the world at large, there sprang up the dog eat dog tactics that were born of the prevailing dogma of " the survival of the fittest". International tariff wars, intrigues, secret alliances and open conflicts were the natural consequences. At the same time nations were and (more than ever in our day) are being being subjected internally to disorders and class struggles whose issues are distorted and vitiated with perhaps no better hope than the exchange of the yoke for that of another kind as numerous factions of " isms" clamour for recognition.

To-day it appears that we have reached the cross roads. Democracy, already shaken from its foundations in some parts of the world, stands severely on trial in those countries in which it survived the shocks of recent economic upheavals. If democracy is to be preserved, or might we say saved, we must eradicate the morally unsound features of its economic foundation. This cannot be done by establishing systems based on ruthless absolutism. Everyday experience demonstrates how such draconic remedies but destroy the patient in applying the cure. There is, however, one corrective measure which, so its advocates claim, can be applied to cure the evils and yet preserve the worthwhile and fundamentally

1. St. F.X. Extension Bulletin, Nov. 6, 1936: p. 7.

moral features of our present economic democracy. It has met with momentous success in over fifty countries in the world where it embraces a total membership of over ~~an hundred~~ and fifty millions.¹ Unlike dictatorships which resemble capitalism in their characteristic of despotic control from above, this movement is based on the truly democratic principle of control from below. This remedy is Co-operation.

1. St. F.X. Extension Bulletin: Dec.18, 1936; p.1.

Chapter Two.

An Outline of the Co-operative Movement.

Co-operative beginnings were a direct result of the social problems created by the Industrial Revolution. A new class of people had arisen in England. This was the industrial proletariat. Their labour power had become an indispensable adjunct to the scheme of industrialization. It was a commodity looked upon by the factory owner in the same way as any material factor, having its price in the open market. The plight of the new class of workers soon became deplorable. They were forced to take what they could get for their labour. Due to the shift in population, the rise of unsanitary and hastily built factory towns, and the inhuman conditions under which the people were forced to exist, the need for reform became pressing.

In the eighteen-twenties two great philanthropists, Robert Owen and Dr. William King, moved by the abject state of human misery so painfully characteristic of the early stages of the Industrial Revolution, attempted to alleviate the sufferings of the poor by the application of co-operative measures. Earnest and unselfish though they were, they did not discover the technique that would make co-operation a practical success.

Owen made the mistake of doing too much for the workers and of acting on the principle that the workers should be the owners of the factories. He attempted to establish self-supporting communities. For a time his project seemed to prosper. Several co-operative societies were established, a league for the propagation of Co-operation was formed and Co-operative congresses were held.¹

1. V.S. Alanne: Consumer Co-operation; p.8.

But success was merely ephemeral. Within twenty years of Owen's first endeavours there was little trace of his work left.¹ The cause of the failure was that the movement was too philanthropic in its nature. It was killed by kindness.

Dr. King's contribution to Co-operation was of great importance, so much so that many would designate him the real "Father of British Co-operation". For through the medium of his little magazine, "The Co-operator", he taught the importance of proper management and formulated methods necessary for success. He also strove to impress the necessity of the principle of self-help on the participators in the movement, as opposed to the philanthropic features advocated by Owen. He stated: "Co-operation is a voluntary act, and all the power in the world cannot make it compulsory; nor is it desirable that it should depend upon any power but its own."²

The failure of co-operators to develop the self reliant and orderly measures that Dr. King tried to inculcate was due for the most part to the paternalism of Owen's methods.³ But apart from this general defect there were numerous contributing causes. In the first place we must remember that the people were poorly educated. In their ignorance they were prone to follow the lines of least resistance. They neglected to attend meetings and placed blind confidence in their officers as long as things were going well. But in an emergency they were easily panicked.^k The societies badly needed competent business management. Credit trading was

1. A.S. Alanne; op. cit.: p.8.

2. J.P. Warbasse; Cooperative Democracy: p.31.

3. Hall and Watkins; Cooperation: p.72.

permitted without proper safeguards. Accounts were carelessly kept. Audit, when undertaken, were rarely thorough. Stocks were not properly managed. Sometimes the societies were plundered by dishonest managers and salespeople, and profits were misapplied. In cases where difficulties due to primary steps in organization and management were met with, failure to realize immediate tangible results easily broke down the resolution of the members of some societies. In consequence they surrendered to obstacles that should have been looked at with a long run view and surmounted.

Where the efforts of Owen and King failed to meet with success, from among the harassed workers themselves was evolved the correct co-operative technique. In the year 1844, twenty-eight Rochdale weavers, on the verge of starvation, hit upon the workable plan that forms the basis of successful co-operative endeavour throughout the world to-day.

Led by Charles Howarth, these poor weavers were fired by a grim determination to better their wretched economic condition, lately further aggravated through having lost a strike. Where earlier co-operative undertakings had been fostered by motives of paternalism or were based upon the idea of having the workers, i.e. the producers, own the shops and produce, Howarth put forth a plan that emphasized the interest of the user of the product. He won the support of his group by suggesting that they operate a co-operative store and divide the earnings according to the amount each should spend in the store. This was the real start of consumer co-operation.¹

The Rochdale Society of Equitable Pioneers had indeed a small beginning. The members had no capital with which to open up a shop.

1. G. J. Holyoake, History of Rochdale Pioneers.

But, poor as they were, they went right ahead. They agreed to contribute one pound each, saving about two pence a week over the space of almost an entire year. Amid much derision they finally opened for business in an old warehouse. Of the twenty-one pounds, ten was immediately paid for the first year's rent. The rest went to buy the stock which consisted of four staples: flour, butter, sugar and oatmeal. The store was opened only two evenings a week and their early sales amounted to about two pounds per week.¹

In the first year the membership grew from twenty-eight to seventy-four. The business done during that time amounted to about £ 3,500. Three years later there were 1850 members who made £ 400,000 worth of purchases. In 1860 the membership had grown to 3,450 and by this time the paid-in share capital had grown from the original £ 140 to £ 188,550. In 1934 the society's membership had increased to 44,475 and the paid-in share capital had reached the figure of £ 2,842,520.²

The total strength of the British Co-operative Movement which grew directly out of the Rochdale venture has reached astounding figures in the ninety years of its existence. According to the latest figures available, the total number of co-operative societies (including 1,107 distributive societies, 89 productive societies, 4 wholesale societies and 1 insurance society) was 1,242 with a membership of 851,804. The total paid-in share capital was £ 817,888,015; total assets, £ 1,954,365,610; total number of employees (distributive, productive and service), 319,077; total salaries and wages paid in one year, £204,691,615; total sales of the 1,242 societies, £ 1,934,398,895; total net income for the year, £ 168,979,000.³

1. A. S. Alanne, op. cit.: p. 12. 2. Rev. Co-operative Statistics (1937) pp. 48-51. 3/ People's Year Book (1937) p. 58.

Since 1844 the British Co-operative Movement has increased greatly the scope of its operations. This particularly so when in 1852 and 1862 continued agitation brought about the passage by the British Parliament of new "Industrial and Provident Acts", paving the way for the establishment of co-operative wholesale societies. The "North of England Co-operative Wholesale Industrial and Provident Society", organized in 1863, was an immediate result. This wholesale progressed rapidly, to become the great British Co-operative Wholesale Society, known widely as the C.W.S.

The wholesale society began in 1863 with 45 member societies. To-day 1,100 local societies with a total membership of over seven million belong to what is England's largest domestic business concern.¹ The C.W.S. owns and controls 171 factories and mills, including the largest textile mills. These productive works turn out over \$ 170,000,000 worth of supplies and employ over 40,000 men.² British tea comes from the co-operative plantations in Ceylon and India. At the end of 1935 the plantations covered 35,230 acres, including reserve acreage of 19,357 acres.³ Wheat is bought directly from Canada where the joint Co-operative Wholesale of Great Britain (the C.W.S. and the Scottish C.W.S.) is the largest single purchaser of wheat serving the British consumer.⁴ In 1893 the C.W.S. bought up large estates in England for fruit growing. Its land holdings in this respect are now more than 25,000 acres.⁵ It has a great coal mine and a fishing fleet. Its own banking

1. People's Year Book, (1937), p. 58.

2. Ibid., p. 65.

3. Ibid. p. 52

4. G. Darling, C.W.S. of To-day: p. 12

5. Do., p. 14.

business is second only to that of the Bank of England. The C.W.S. has gone into insurance and operates one of the largest companies in Great Britain.¹

This story of success can be attributed to the wise principles adopted by the Rochdale Pioneers and adhered to by succeeding co-operators. It was not by mere chance that the Rochdalers hit upon the right combination of rules that guided their undertaking so efficaciously. They had witnessed recent co-operative failures and they tried to avoid the features of the earlier schemes that were the root causes of their collapse. Again, they had taken active part in the agitation of that period on the part of the workers to bring about reform through political means. When the Chartist Movement failed, the workers began to realize that their troubles were of an economic nature which could not be removed by political or legislative action. They saw that they must organize, not only as producers into trade unions, but also as consumers. In this way they differed from the earlier co-operators. Where Owen had said, "Let the workers own the factory and its product", the Rochdale Pioneers said, "Let the users of the product own the store and factory." This was a new approach to co-operation.

The principles adopted by the Rochdale Pioneers have been copied by co-operators the world over for almost a century. Experience has shown that they are practically indispensable to the success of true co-operative effort. Three of these principles stand out as being of fundamental importance.

The first rule is that the society shall be democratically controlled. In practice this means that each member shall have but one

1. People's Year Book, (1937); pp. 51, 117.

vote, irrespective of the amount of capital he has invested. When we compare this method of control with that found in the ordinary capitalistic business we can see its great and challenging importance. In the modern profit corporation or trust the voting power of the shareholder is determined by the number of shares he is able to buy. Thus it comes about that control is so often centralized, with one person or a very powerful but small minority dictating the policy of the undertaking, often to the detriment of the many. This, in itself, is considered by some who have tried to diagnose the ills of our economic system to be at the root of the trouble.

The significance of the insistence of co-operators that one man should have but one vote is that it stresses human rather than material values. The interests of the greater number admit of being expressed and recognized where before they had but small voice and could be ignored, with the service motive being subordinated to the profit motive.

The second fundamental rule of co-operation is that money invested in the co-operative enterprise shall receive only the prevailing just rate of interest. This rate is normally about five per cent. This method differs sharply from that by which the profits of the capitalistic business are apportioned. Here dividends vary with the profits realized. The savings and the affluence resulting from our highly efficient large scale productive system in this way tend to be almost wholly diverted to the already wealthy owning class. The benefits, instead of being diffused equally for the enjoyment of the masses, become centred in fewer and fewer hands. So large do these profits often become that they must be

concealed by such subterfuges as stock watering, distribution of profits in the form of new shares so as to minimize the apparent size of later dividends, issuance of stocks for questionable reasons, the creation of various holding companies with the object of keeping the excessively centralized control from becoming known, and various manipulations of the kind.

What happens then to the profits left after interest is paid and the charges of running the co-operative business have been met? It is here that the third of the prime rules of co-operation comes in. Such profits are distributed back to those who have helped to create them, in proportion to their patronage. Or the surplus may be used collectively in the common interest of the members, as in Belgium. In Belgium co-operative societies have in this way built recreation halls, libraries, nurseries and hospitals for the use of the members.¹

Besides the regulations mentioned above, there are others of a secondary nature. The co-operative society's members join up voluntarily. The society wishes to continually increase its membership, but does not believe in coercion in any form. It desires to attract new members by having them see for themselves the advantages of the movement. It strives to educate the people to understand the value of co-operation, and believes in firm, steady progress, based on conviction, rather than in fitful and too hasty advances which most often are not conducive to carefully regulated growth.

Membership is ^{un-}restricted. No one can be refused because of religious or political affiliations, or for reasons of race, class or colour. The bond that unites the members of a society is a com-

1. Ellis Cowling, Consumers' Co-operation: p.18.

mon bond,-the fact that all are consumers. That bond transcends the discriminations which in some circumstances are regarded as conventional. In the ordinary run of modern affairs, if one gets in on a "good thing", the custom is to limit the benefits to as small a number of favoured insiders as possible. But co-operation recognizes the fact that "the greatest common factor of all human beings is their human needs". Hence the motive of service is uppermost and it is to the advantage of the movement to increase its membership and thus to promote the mutual good of all concerned.

From the very beginning the Rochdale Society did business on a cash basis only. The Rochdale Pioneers saw that credit methods had been one of the chief reasons for the failures that had occurred in co-operative enterprises that had preceeded their own. Cash business carries with it many advantages. It lessens the amount of capital required, since otherwise part of the capital is tied up in credit accounts. This often leads to the borrowing of additional capital, which increases operating costs because of the burden of interest charges. Bad debts often bring about bankruptcy. Even where credit is given, it is not given indiscriminately. But in an organization based on the ideal of co-operation, if some were trusted and others were not, friction would be bound to result.

Outsiders who patronize the co-operative undertaking may become shareholders automatically by having what normally would be their patronage refund go toward buying a share of capital stock. In this way the outsider is dealt with fairly and the membership of the society is increased.

The Rochdale methods avoid the danger of price wars. Prevailing market prices are charged for commodities and services. This is an exceedingly wise policy. Societies not acting thus have been ruined by trying to sell goods at cost plus handling charges. For, by selling without any margin of safety, sudden changes in market conditions and other unforeseen contingencies may seriously jeopardize the stability of the business. Selling below the market price also invites price slashing wars with competitors which the ordinary society can ill afford to enter into.

In the true co-operative fellowship a portion of the profits are put aside to finance co-operative educational work. This work is to be done both among the members themselves and as far as possible among consumers at large. From two to five per cent is set aside annually for this purpose. This educational programme to some extent takes the place of advertising in the ordinary business of to-day. Co-operative enterprises by their very nature do not have to add to their costs by investing heavily in advertising as profit concerns must. The moderate outlay for education is used to the advantage of regular members that they may become better instructed as regards co-operative principles and methods. Those outside the organization are by the same means informed of the advantages of co-operation and encouraged to participate in the movement.

In accordance with sound business practice frequent inventories of stock and books are taken. In this way the business is kept in a healthy condition, and defects that otherwise might be overlooked and tend to undermine the structure can be remedied in good time. Reserves are set aside to meet depreciation costs and to take care of any unforeseen difficulties that might arise.

Industries controlled by co-operators strive to treat labor fairly. The Co-operative Movement has as its objective the promotion of the happiness and security of humanity at large. Thus it is that labor disputes between co-operative societies and their employees have been exceedingly rare. In many instances co-operators vote for better conditions for their employees than they themselves enjoy. In Great Britain it was the co-operative store that introduced the one half holiday per week for employees.¹ The British Parliament in 1934 passed a bill making compulsory working conditions that the English Co-operative Society had observed for twenty years previously in its warehouses and factories.² On one occasion the Co-operative Society fixed a minimum wage for women at the rate of four shillings per week higher than the legal minimum, this against the advice of the board of directors.³

Finally, co-operative societies recognize that co-operation with one another must be maintained. This principle of unity is applied both in business dealings and in educational and publicity matters. The North of England Co-operative Wholesale Industrial and Provident Society was founded in 1863, as noted above. In 1924 the International Co-operative Wholesale Society was established with headquarters in Manchester. This Society has as its affiliates the principal co-operative wholesales of twenty countries.⁴ Educational federations facilitate and direct the development of conscious co-operative economic and social aims. Through publications, courses, institutes and congresses ideas are exchanged and propagated. Old

1. J.P. Warbasse; Co-operative Democracy: p.225.

2. Ellis Cowling, Consumers' Co-operation; p.24

3. Warbasse, op.cit.; p.225.

4. People's Year Book (1937); p.300.

methods of procedure are being improved upon continually. The International Co-operative Alliance was established in 1895 with headquarters in London. Its congresses are held every three years. The International Co-operative Alliance has more than 140 affiliated national federations, with 100,000,000 members in 40 countries.¹

The experience of almost a century has shown that the Rochdale principles sketched briefly above constitute the only plan by which consumers' co-operation can be assured success. In the field of producers' co-operation also, we find that most of the Rochdale principles admit of application. Both producers' and consumers' co-operation have as their basic object democratic control and administration as opposed to centralized individualism. It is maintained that individual initiative can develop just as successfully under a system based upon the idea of mutual interests as under the self-centred regimen to which we have become accustomed. The two forms of co-operation are equally interested in providing the highest possible quality in the matter of goods and services, in eradicating corrupt business practices, etc. The evils and defects of modern capitalism are objects of reform to both forms of co-operation.

In countries where co-operation has been tried on a large scale it has been amply demonstrated that the most deeply entrenched of modern business abuses can be successfully combatted. This is particularly true of the Northern European countries of Denmark, Sweden and Finland. In these countries concerted and determined collective measures on the part of intelligent and informed consumers brought about the downfall of seemingly iron-clad trusts and monopolies. Producers likewise won for themselves increased returns, improved methods of production and widened the scope of their export market.

The story of co-operation since 1844 indicates that the move-
1. People's Year Book (1937); p.299.

ment has expanded its sphere of influence with steady and well grounded marks of progress. In recent years there has been a remarkably enthusiastic spurt of interest in the movement, notably in North America. Earnest co-operators are beginning to feel that they are advancing beyond the pioneer stage. They sense an awakening of interest on the part of the general public, at last becoming convinced that intelligent action by the people themselves and not mere political legislation is necessary to effect worthwhile and enduring reforms. There is no doubt but that co-operation can be applied as a successful means of bringing about better living conditions to poor communities, to communities despirited economically through having been subjected to abuses to which their antedated business and occupational methods laid them open.

This is nowhere better demonstrated than in the far north-eastern corner of the Maritimes. For here, during the past seven years or so, co-operative methods and principles have been put into practice with results that have^{been} very gratifying. People among whom economic, social and educational standards had reached a low ebb are becoming rehabilitated and are working out their own destiny with an entirely changed outlook. Where the philosophy of "everyone for himself" had resulted in far too many having next to nothing, the new philosophy of "all for one and one for all" is bringing substantial benefits both to the individual and to the community at large.

Chapter three.

Economic Problems of Nova Scotia.

For more than fifty years past the trend toward economic and social decline in the Maritimes has been a patent fact. The protestations of the people of these provinces of the neglect of their legitimate rights as participants in the development of the scheme of Confederation have echoed through recent years with no small measure of justification. The findings of various commissions investigating the claims of the discontented provinces reveal that policies adopted by the Dominion with the hope of furthering national aspirations and of benefitting the country as a whole have produced unforeseen results, particularly detrimental to the welfare of the Maritimes.¹

In estimating the deficiencies that have grown upon them since Confederation, Nova Scotians, along with the rest of the Maritimes, are prone to contrast their situation to-day with that which they enjoyed prior to 1867. At that time Nova Scotian ships were busy plying a lucrative export trade with Great Britain, the British West Indies and the United States. There was also a considerable volume of carrying trade done between the ports of foreign countries.² Shipbuilding and lumbering were flourishing industries. The Maritimes, at the time of Confederation, owned about three-quarters of the Dominion's vessels, which comprised nearly four-fifths of the total tonnage and two-thirds of the value, with Nova Scotia leading among the Maritimes.³ One of the chief mediums of trade in these

1. Royal Commission on Maritime Claims (1926) : p.10.

2. S.A. Saunders; Economic Welfare of the Maritime Provinces:p.11.

3. Canada Year Book, 1867: p.54.

earlier days was the shipping of large quantities of fish to Europe and especially to the West Indies, where dried cod was much in demand as a cheap food for the negro slaves. The prosperity of those years, depending principally on the interrelated industries of fishing, trading, shipbuilding and lumbering was augmented by abnormal factors. The Reciprocity Treaty with the United States, the boom in shipbuilding due to the gold rushes in California and Australia, the Crimean War, and the blockade running of goods to the both sides in the Civil War, all contributed to the economic activity.¹ Along with these industries, manufacturing, farming and professional business partook of the gratuity of the period.

The opposition from many quarters in the Maritimes which the plan of Confederation met with when first broached can easily be understood. In Nova Scotia, Howe, representing the interests of the merchants and manufacturers in particular, did all he could to prevent the federation. Sir Charles Tupper, in 1866, after skillfully working the Quebec Resolutions through the Nova Scotia House, refused Howe's demand that the question be submitted to a general election. Even after the passing of the British North America Act, eighteen of the nineteen Nova Scotian members of the first Parliament of the Dominion were pledged to do all they could to have the Act repealed. Yet their efforts were to no avail, and after Howe had visited England and had stated his case before the British Government, with no success, the agitators, somewhat mollified by receiving "better financial terms", had to make the best of matters as they stood.

1. L.C.A. Knowles: Economic Development of the Empire, vol. II, p. 170-1
 2. J.W. Longley; Makers of Canada: (Jos. Howe, p. 202).

The history of the past fifty years would indicate that the dissenters were correct in their misgivings. For, almost immediately after the passing of the British North America Act, the Maritimes entered onto that long period of economic disruption and relative decline from which they have been unable to completely recover. Circumstances other than those directly resulting from Confederation only were undoubtedly responsible for this. However, it is not the office of this treatise to determine the extent to which such may or may not have been the case. The purpose of these remarks is rather to review, without being litigious, the disabilities which have come to burden the Maritimes and to retard their progress.

Even before Confederation became a fact many of the ephemeral causes of the prosperity of the sixties were being withdrawn. Indeed, the abrogation of the Reciprocity Treaty with the United States was used as one of the most potent arguments in favour of Confederation. It was pointed out that the loss of the American markets made the establishment of a national trade economy essential. The cessation of the Civil War, of the Crimean War and the passing of the gold rush era had an adverse effect upon shipbuilding and upon Maritime trade in general.

It is very important to note that about the time of Confederation wooden ships were beginning to be replaced by iron ones. These ships were built in England where natural advantages and England's early start in this industry gave her an ascendancy over rivals. The Maritimes, in common with the New England States, placed too much confidence in what they believed to be the superiority of their wooden ships. They refused to make any change in their technique of shipbuilding and in time came to suffer greatly from the competition

offered by iron vessels.¹ Yet, according to Dr. I.A. Mackay," the Atlantic Provinces had all the materials and facilities for the building and supply of steel ships that they had for the building and supply of wooden ships."² However, there was another reason for the decline of the Maritimes in the shipbuilding industry. For Dr. MacKay goes on to say that, "On that date, (1867), the people of Canada, including many people in the Maritimes, turned away from the sea and began to gaze along the long, cold corridor in the hope of building up a great land nation westward."³

This change in the outlook of Maritimers was not restricted to the possibilities offered by the proposed new national economic set-up. Below the border, the United States, with its internal conflict now at an end, was entering upon that period of expansion whereby the interior of this great continent was being opened up. The demand for men and money was great, and the opportunities for profit for those with the capital to invest were extremely alluring. Many Maritimers, being experienced traders by occupation, and having benefitted materially from the recent period of prosperity, were attracted by the chance to invest their money and talent in such a remunerative field. So the drain of men and money from the Maritimes began. The lapse in business and in trading, noted above, tended to cause many people of various occupational groups to take cognizance of the opportunities offered by the developments taking place below the border. Later on, as Central and Western Canada underwent similar development, the migration of people and the transfer of funds

1.S.A. Saunders; op. cit. : p.11.

2.I.A. MacKay: Preface to "The True Story of Confederation",
by A.P. Paterson.

3.Ibid.

took place in this direction also. The introduction of the National Policy in 1878 had much to do with this latter trend.

The Fathers of Confederation envisioned a Canada united both politically and economically. The immediate factors that led to the culmination of the scheme in 1867 were not predominately economic in their nature.¹ The influence of the British Government in favour of the plan had great weight.² Developments taking place in the United States at this time also counted heavily. The termination of the Civil War in 1864 left an army of about a million men in the control of the American Government, a fact that was the cause of much uneasiness in many quarters in Canada, since the idea of British support of the South still rankled in the minds of the victorious Northerners. The Fenian raids of 1866 did not help to ease this apprehension. About this time a Bill was introduced into the American House of Representatives with the object of preparing the way for the entrance of Canada into the American Union.

It can be understood that there is much truth in the statement that, " The ultimate appeal (of Confederation) was not to the trading instincts of her (Canada's) people, but to all that nationhood represented, recognizing that the good of the whole could only be promoted by attending to the good of each part "³ It appears that this remark is especially pertinent in its application to the Maritimes. The Eastern Provinces were endowed by nature with the interests of the sea as the basis for their natural development. In 1865 the trade per capita of Central Canada was approximately thirty dollars compared to a figure of more than fifty-five dollars in the

1.H.D. Woods: Economic Relations of the Maritime Provinces; p.53.

2.J.W. Longley: Makers of Canada; Vol.7 (Jos. Howe) p.204.

3.Royal Commission Provincial (N.S.) Economic Inquiry (1934) p.22.

Maritimes. Between the Maritimes and Central Canada the amount of trade carried on was extremely negligible, as the following table indicates:¹

Percentage of trade	Gt. Br.	U.S.	Mar.Pr.	Can.	B.W.I.	Others
Canada	45	48.6	1.9	-	3	4.2
Maritime Prov.	35.5	37.5	-	3.5	12	10.5

In the light of the above facts it would appear that the measures by which the young Dominion began to undertake its task of national integration were not in harmony with the economic traditions of the past. For we are told that, "In the early, though not the earliest, days of Confederation the Dominion Government began to interpret national policy in terms of economic measures. Protection was introduced as a method of facilitating the development of Canada as an economic unit while a trans-continental railway system was conceived as a method of promoting inter-provincial trade and thus strengthening the economic bond between the various parts of the Dominion."² That this policy has been successful in its wider application is not being questioned here. Yet, it is true that its effects have not been uniformly beneficial to all parts of the Dominion, but rather have, in the case of the Maritimes, tended to aggravate an unfortunate economic situation which, even at the time of Confederation, found these provinces falling behind Central Canada in many respects. Railways, canals and telegraphs were superior to those in the Maritimes. In farming, stock-raising, dairying and fruit production Central Canada was outstripping the Maritimes.³ With the National Policy tending to favour the development of home industries and acting so unfavourably on external trade, the Central Provinces were in a position to build up a large scale indus-

1. Canada Year Book: 1867, p.82

2. Royal Commission Provincial (N.S.) Economic Inquiry; p.23 (1934)

3. H.D. Woods: Economic Relations of the Maritime Provinces, p.55.

rial system to the relative disadvantage of the Provinces by the sea.

The improvement in the facilities for transportation undertaken after Confederation were favourable to industrial concentration along the Great Lakes waterway. In this area raw materials and fuel were within easy reach. The possession of great reserves of water power was a telling factor, subsequently, when electricity came into common use. The waterway provided cheap internal transportation. While the Intercolonial Railway was an outlet for goods produced in the interior, Maritime ports failed to be compensated by receiving an adequate share of Western and Central Canadian products for export due to the competition of the lake and river ports and even of United States Atlantic ports. It must be kept in mind, too, that transportation costs to the Maritimes were increased since the Intercolonial Railway mileage was increased nearly two hundred miles through being built remote from the American boundary as a precaution in case of war.

Nova Scotian business undertakings found it very difficult to compete with the large scale production methods of Central Canada. The Central Canadian advantage was in many cases due to advanced methods of sales organization by which their knowledge of market conditions was superior to that of the small local producer.¹ There were cases, too, of deliberately unfair methods of competition by which new establishments were forced out of business. "It is clear that in some cases, attempts to create enterprises were defeated by the policy of suppression deliberately pursued by Central Canadian competitors and that a number of new and small establishments in

1. Report, Royal Commission Provincial Economic Inquiry (1934) p.53.

Nova Scotia were victims of what was termed regional dumping. Prices were cut in local markets supplied by the local manufacturers, and raised as soon as local competition disappeared. A subtle form of coercion was brought to bear upon dealers who sympathized with the struggling manufacturers and who would have assisted them if they had been able to. A dealer who relies upon a particular source of supply for nine commodities out of ten, can easily be forced to take the tenth from the same source, even though he wishes to secure it from another source; and the Central Canadian seller can easily plead the need for completing a car load or making up a full consignment in order to reduce distributing charges.If local competitors were strong enough to carry on the struggle for a time and therefore to increase the expense of the struggle to the stronger body, the latter compromised by purchasing the business at an attractive price and closing down the factory."¹

Besides working directly to the advantage of the more highly industrialized region of Central Canada, the Dominion high tariff policy is particularly disadvantageous to Nova Scotian industries in maintaining an abnormally high price level. Exporting industries must compete in foreign countries at world prices irrespective of the protective tariff policy followed at home. This leads to excessive outlay for equipment, materials and labour in such industries as lumbering, fishing and apple exporting. And the Jones Report remarks significantly that "to divert labour and capital toward a group of protected industries is inevitably to divert labour and capital from other industries.It was urged by witnesses that this provided the explanation of the human exodus from Nova Scotia and the failure of that Province to provide profitable employment

1. Report, Royal Comm. Provincial Economic Inquiry; p.54.

and reasonable prospects for a population that was growing at a reasonable rate. Emigration represented a necessity forced upon the people by their failure to find employment at home and this failure was due to the diversion of trade caused by the Dominion tariff policy. Nova Scotia as a province was injured on account of the fact that its major industries were exporting industries, injured by the tariffs, and the protected industries that might have served as an alternative congregated in other parts of Canada, more particularly Central Canada."¹ The Report goes on to consider the extent to which compensation for the above situation was offered by the advantages that the protective system offered to the steel and coal industries of Nova Scotia. Its conclusion, however, is that under a free trade system it is very problematical whether the positions of these industries would have been altered, one way or the other.²

Transportation, apart from the concern of the Maritimes in that their ports did not obtain a fair ^{share} of Western and Central Canadian traffic that found an outlet in American ports, was adequately administered prior to 1912. This was in agreement with the policy adopted by successive governments that the Maritimes should be compensated for the extra mileage added to the Intercolonial Railway because of political considerations. However, in 1912 rate changes were made, and during the War period and after rates were greatly disrupted. The changes were such as to impose upon the Maritimes burdens entirely out of proportion with increases in other parts of Canada. According to evidence given before the Duncan Commission, 1926, figures revealed Intercolonial rates to have undergone an estimated increase of 92% in the Maritimes, while the corresponding

1. Report, Royal Comm. Provincial Economic Inquiry (1934); p.43.
2. Ibid.; pp. 45, 46.

increase for the rest of Canada was but 55%.¹ As a direct result of this disclosure the Dominion Government passed the Maritime Freight Rates Act in 1927. Its provisions, however, did not result in a satisfactory readjustment. Recent developments, such as the adverse effect of the trade depression, coupled with severe competition of water and road transport, have forced rate modifications in parts of Canada outside the Maritimes, but with the result that the equilibrium sought by the Maritime Freight Rates Act has been further destroyed.²

Another general phase of the Maritime problem is the question of financial arrangements between the Dominion and the Provinces. By Confederation the separate provinces sacrificed the provincial revenues that they had derived through duties imposed on goods on entry into the provinces. One result of this was the loss of a certain amount of protection which had hitherto been afforded to various industries and home manufactories in individual provinces. This led to a situation of mal-adjustment which, for reasons cited above, immediately, and in most cases, found the Maritimes placed at a disadvantage in the field of open competition with their more suitably situated competitors. The Dominion Government underwent a loss of revenue as each of the constituent provinces now became but a part of a larger fiscal unit, for where formerly goods crossing the borders of more than one province were taxed on each instance, now one general tax only was imposed. It thus became necessary to raise the rate of import duties to avoid loss of revenue.³ This policy of taxation, originally adopted to provide a revenue for governmental

1. Report, Royal Commiss. Inquiry (1934); pp. 63, 64, 65.

2. Report, Royal Commission on Maritime Claims (1926) ; p. 21.

3. Report, Royal Commission Inquiry, (1934); p. 37.

expenses, later assumed the proportion of a deliberate principle of ~~protection~~ which favoured the trend toward concentration of large manufacturing industries in Central Canada, at the expense of the less industrialized sections.¹

The new fiscal arrangements also made it the duty of the Dominion to compensate the provinces for the loss of revenue formerly derived from export duties, and which had contributed to the expenses entailed by the machinery of provincial government. In this respect a serious error was made.² It was assumed that the basis for these expenses should be the growth of population, rather than the undertaking of new governmental responsibilities. It is not contended that the many developments in public services that have taken place should have been foreseen. Social and political theories have undergone radical changes since that time. Again, a fallacy in this method of determining the allotments of the provinces lies in the fact that population would grow most rapidly in regions where most economic progress had been made. Hence it can be seen that a relatively heavier burden of administration costs would have to be borne by the sparsely populated areas than by those sections wherein population and wealth were most concentrated.

The real trouble in the matter of the financial arrangements between the Federal and Provincial Governmental is that the mistakes of the past have never been remedied by carefully conceived measures. The weaker and more remote provinces, such as Nova Scotia, have gone on from year to year greatly incapacitated in respect to the quality of public service provided, due to the lack of sufficient

1. Report, Royal Commission Provincial Economic Inquiry (1934); p.36.

2. Ibid. ; p.70.

operating income. The intended settlement of 1907 actually exaggerated the unequal situation since it gave added assistance to provinces with increasing populations, until the populations reached the number of two and a half millions, in which case the per capita grant was reduced from 80c to 60c.¹ This provision did not recognize that additional assistance was probably more urgently needed where stationary or declining population was in evidence.

The foregoing remarks merely present an outline of the problems reviewed. However, we cannot but feel that a general effect of the policies and circumstances attending the progressive development of our country as a whole has been an unfortunate impingement upon the welfare of remote and sparsely populated sections. We have noted that Nova Scotia, in particular, has suffered much in this respect. The fact that Nova Scotia is an old established province made it that much harder for it to adjust itself to the changing conditions of the latter part of the last century. The exodus of men and funds became an endemic condition in that section of the province with which this treatise is concerned. A brief consideration of the population trend will indicate how great a drain on the general vitality of the country has been this steady flow of emigration.

Since Confederation there has been but a comparatively small increase in the population of the Maritimes as a whole. In the space of fifty years after the first Dominion census in 1871 there was an increase in population of over 138% for the Dominion. During that time the increase in Nova Scotia was but 35%.² This figure is somewhat misleading since the increase between 1871 and 1881 was rather

1. Report, Royal Commission Provincial Econ. Inquiry (1934) ; p.70.

2. Dom. Bureau of Statistics: The Marit. Prov. Since Confed. ; p.4.

considerable--13.61%. In this same decade Ontario and Quebec increased 19% and 14% respectively, over the previous census. However, from 1881 to 1891 Nova Scotia showed but a $2\frac{1}{4}\%$ gain compared to a figure of 9.5% for the central provinces. Since 1891 Nova Scotia has fallen farther and farther behind Ontario and Quebec in the rate of increase in population per decade, the average increase being about half of that of Ontario and one third that of Quebec.¹ Between 1871 and 1921 gross emigration from the Maritimes was about 450,000.² Emigration for economic reasons has been closely related to a falling natural increase, for Nova Scotia, along with the other Maritime Provinces, has a relatively small percentage of population between the ages of fifteen and sixty-five.³ Between the years 1881 and 1911 the Maritimes continued to lose by emigration in each decade about 28% of the young people between fifteen and twenty-five years of age.⁴ From 1891 to 1921 in the bracket between twenty and twenty-five years of age there was an increase for the Dominion of about three hundred thousand, while Nova Scotia increased by about only two thousand.⁵ In other words, in this bracket alone, in proportion to the respective populations the Dominion increased at a rate of about seven times that of Nova Scotia.

The particular incidence of this population trend has been on the rural districts, such as the typical fishing and farming communities which comprise most of the area of eastern Nova Scotia. True, this process of urbanization has been going on for the past

1. Dominion Bureau of Statistics; Mar. Prov. Since Confed. : p.4.

2. Ibid., p.6.

3. Ibid., p.13.

4. Ibid., p.14.

5. Ibid., p.14.

fifty years, both in the rest of Canada and in the United States. In 1890 the total rural population of the New England, the Middle Atlantic and East Central States was 15,314,442. Thirty years later it had increased by only about two thousand.¹ This general urbanization trend in population at the expense of rural population has been due to changing economic conditions whereby there has been an evolution in methods of production, of transportation and of trade in the past sixty years. Many articles formerly made in the home on the farm are now being manufactured in the city. Instead of production being carried on for local consumption principally, we find much of our finished goods destined for outside countries. With so many people engaged in this increased production and transportation there has resulted an increase in urban population. Professional men must locate themselves in the most densely populated areas where their clientele will be numerous. In regions, such as the Maritimes, where few large centres of population are found, the highly trained man is at a decided disadvantage. Yet, in Nova Scotia and Prince Edward Island in particular, the educational systems have long implied the production of just such specialized skill.² The result has been that considerable numbers of specialists, finding no profitable field for the exercise of their ability at home, have of necessity gone abroad to seek it.

It is clear that much of the economic and social backwardness in the rural districts of Nova Scotia has been due to emigration. For the majority of emigrants leave between the ages of fifteen and thirty years, after they have been educated and when they are

1. Dominion Bureau of Statistics, op. cit. : p.24.

2. Ibid.; p.27.

at the age of vigor and enterprise.¹ The drain on ability and labour power has retarded progressive development. Hence the need for educational and organizing influences to bestir the unprogressive element out of their state of habetude. With a general reawakening of latent resources among the older people there will be an incentive, - and a challenge, - to the rising generation to carry on the work of rehabilitation.

That the universally depressing conditions of the early thirties have had much to do with setting the stage for such a programme of regeneration as is under way at present in eastern Nova Scotia is beside the point. It is a common fact that in all countries the co-operative movement has advanced sharply in times of economic stress. People do not become seriously interested in conditions shaping their destiny until they feel the pinch of urgency. If such has been true of eastern Nova Scotia, we may be justified in regarding the depression years as being in some degree a fortuitous experience in these parts. We may well agree that it is indeed a case of the hotter the war the sooner the peace. After years of striving on behalf of the people, the real significance of the St. Francis Xavier Movement is that the Extension pioneers have succeeded in impressing upon the people the value of doing things for themselves. For as Dr. Coady has said, " People are great in proportion to what they do. If people won't do things for themselves they don't deserve them."

1. Dom. Bureau of Statistics, op. cit. ; p.33.

Origins of the St. Francis Xavier Extension Movement.

For more than thirty years St. Francis Xavier University has been trying to aid the people of eastern Nova Scotia and Cape Breton in their economic difficulties. The earlier efforts were directed particularly to improving farming and marketing conditions in the rural districts. This work was carried on under the active supervision of such men as Dr. Hugh MacPherson, Dr. M.M. Coady and Professor A.B. McDonald--men who are expert agriculturists and who possess a first hand knowledge of the problems of the people. Besides giving the farmers the benefit of their own advice, they enlisted the help of the government in trying to raise the standard of farming technique.¹

In 1917 there was formed the Rural Conference of the Clergy of Antigonish Diocese. The man who was the leading personality behind that the move was Dr. J.J. Tompkins, at/time vice-president of St. F.X. University. This Conference, consisting of leaders among the clergy and laity has met yearly since. There the problems peculiar to the various districts of the country are discussed, views are exchanged and the major policies in the field of extension work are formulated. The Antigonish Conferences have been of great value in emphasizing conditions demanding most urgent attention and in directing the efforts of field workers.²

In the early twenties, under the aegis of Dr. MacPherson, there was formed the People's School. This school was patterned on Bishop Grundtvig's Danish Folkschule. In Denmark the Folkschule plan has resulted in seventy per cent of the people receiving college instruction. There the farmers attend the Folkschule during the winter months when they do no farming, to study practical farming, the

1. How St. F.X. Educates for Action, p. 20.

2. T.R. O'Boyle, The Commonweal, Dec. 1932.

humanities and public affairs. In much the same way, during six weeks of each year, large numbers of men assembled at Dr. MacPherson's People's School to receive valuable educational guidance.¹

The value of the work carried on by the St. F.X. pioneers can not be over estimated. Zealous and untiring, they worked hand in hand with the farmers, travelling about the country, often under the most harassing conditions. Of outside aid they received very little. Where they endeavoured to correct abuses of the poor on the part of middlemen, particularly in the fishing industry, they often met with persistent opposition. The illiteracy and general state of isolation of the people of much of the area served further hampered their efforts. After more than twenty years of work of this kind it began to be felt that even stronger measures should be taken in order to effect results that would be more permanent and constructive in their nature. The plan of forming at the University a department of extension that would devote all its attention to such work was deemed necessary to accomplish this end. In 1928 this plan was approved by the University authorities and immediate steps were taken, leading to the organization of the projected new department.²

As a first step toward such a move, two members of the University staff, Dr. M.M. Coady and Professor A.B. McDonald, were delegated to make a study of adult education in Canada and in the United States. This study was undertaken with the particular view of determining the most feasible plan for combining the academic and the practical aspects of the prospective programme. The best

1. How St. F.X. Educates for Action, p.8.

2. Address by Dr. Coady, (Extension Dept. files).

features in the field of extension and adult educational work as carried on in the leading institutions visited were noted. It was kept clearly in mind that to arouse interest in the proposed venture the first appeal would have to pass the "bread and butter" test. In the words of Dr. Coady, "In our Antigonish programme we begin by organizing the people to explore their economic possibilities. A simple people are not likely to study for study's sake only. They must see their mental activities issue in some concrete results. Their thinking must pay, in other words, if they are to be long interested. As practical educators, we therefore proceed on the fundamental principle that adult study must issue in economic ventures of various kinds to be interesting and permanent. Again, the economic question looms so big to-day that one might say it is the great social, political, and even religious question of the hour. Everything is in danger as long as this universal problem remains unsolved."¹

The above remarks mirror the decision arrived at by the St. F. X. pioneers as regards the scope of the work they set out to do. The drastic need for practical action to ease the economic debilities of the people was immediately recognized. But the extension organization envisioned the dawn of a more altruistic achievement beyond the gloom of the pressing realities of the moment. Nothing less than a thorough awakening of the people to the end that they re-establish themselves on true democratic principles was the ultimate attainment contemplated. These principles were to have application to living in the full and true sense of the term. Not only the economic, but the educational, social and cultural phases of

1. Dr. M.M. Coady, How St. F.X. Educates for Action, p.45.

of life must be constructively developed. But true democratic direction implies mass participation by a society individually intelligent and unrestricted in the selection of its leaders. Hence the importance of impressing upon the people that they must act for themselves; that they must study how they can improve their own condition; that they must discern and appreciate the essential freedom of genuine democracy, especially as contrasted with the fantastic systems of control to which the abuses of democratic principles lead.

Adult Education then was to be the corner stone of the new movement. Scientific research of such authorities as Thorndyke, Counts, and Dewey had dissipated the myth that only the young are susceptible to learning. Professor Thorndyke, of Columbia University, had demonstrated that mature persons learn two or three times as easily as school children. The mature have keener motives, they have more wants and are aware of the close connection between their need for enlightenment and the solution of their problems.¹

The backwardness of the people in many of the communities was at first sight enough to inspire trepidation. But the Extension workers undertook their task with unwavering confidence in their project. They had, too, a real faith in the innate capabilities of the people. So the next step to be taken was to determine under what programme the educational venture was to take form.

As already stated, it was decided that the first appeal must have pertinent regard to the material wants of the people. The educational approach was to be somewhat along the lines of the Swedish adult education movement. This method was based on the study club idea, wherein the people met regularly every week in neighbourhood groups of a dozen or so members to discuss their problems.

1. The St. F. X. Extension Bulletin, Nov. 7, 1933, p. 4.

The economic side of the plan, too, was to stress the idea of group action. As Dr. Coady expressed it, " It is hardly necessary to say that if the common people are to improve their economic status in our society they must act as groups. The individual worker or farmer or fisherman can make no dent in our highly organized economic society, but as groups they are capable of climbing in a very short time into the driver's seat and getting their hands on the throttle of their own destiny. This brings in the question of co-operation, which cannot be dodged by any adult educator who wishes to be a realist. Little thought on the part of the people will soon bring them to the realization that they can do things for themselves that were impossible to their ancestors. They can, in fact, break into many business fields and perform services that heretofore they paid others dearly to carry on for them." ¹

Accordingly, in 1930 when the St. Francis Xavier Extension Department was formally organized, the following programme was drawn up:²

Possible Activities of the Extension Department.

I. General Purpose

The improvement of the economic, social, educational, and religious conditions of the people of eastern Nova Scotia.

II. Outline of Work

1. a) Survey by experts of economic possibilities in farming, fishing, lumbering, etc. (b) Survey of possible social improvement in industrial and rural communities. (c) Survey to discover the best educational practices for the development of eastern Nova Scotia.

¹ Dr. M.M. Coady, Adult Education of St. F.X. University, pp.3,4.
² How St. F.X. Educates for Action, pp.48,49.

These activities would be carried on in conjunction with the various governmental agencies designed to do this work.

2. Survey of agencies at present working in the field with a view to co-ordinating their work, extending their operations and making them more effective in eastern Nova Scotia.
3. Country and parish conferences of leaders--clergymen, government officials (such as agricultural agents, inspectors) professional men and other leading interested laymen, for the purpose of utilizing their training and energies in extension work.
4. Strengthening and extending to unorganized territory existing economic community organizations in order that extension work may be carried on through them.
5. Educational activities.

High School and College Credit Type.

- (a) Short courses--cultural and vocational such as agricultural, home economic , etc., in college and field.
- (b) Short courses for selected men and women with a view to developing rural and industrial leaders.
- (c) Correspondence courses--vocational and cultural.
- (d) Study Clubs in the rural and industrial fields.
- (e) Radio courses.
- (f) The development of technical schools and folk schools.
- (g) Night schools.

Non-Credit Types.

- (a) All the foregoing activities.

(b) General lectures.

(c) Library service--loaning books to Study Clubs, home reading clubs, etc.

(d) Giving information through letters, circulars, pamphlets, etc.

(e) Establishment of circulating libraries.

(f) Visual education service--loaning films, slides, art collections, exhibits, etc.

(g) Publishing an Extension Bulletin.

(h) Organizing (1) Country wide debates on vital topics, essay and public speaking competitions. (2) Planning programs for community centres. (3) Rural community and town improvement competitions. (4) Debating clubs, literary, art, and dramatic clubs, recreational clubs, handicrafts, etc. (Through some of these educational agencies young men and women of exceptional talent may be discovered and assisted through scholarships.)

6. Social service work in the rural and industrial fields.

7. Colonization.

8. Utilizing various departments of the College for research work.

The Co-operative Movement Under Way.

In September of the year 1930 the Extension Department of St. Francis Xavier University entered on its work. The Department is not content to conduct its efforts merely through correspondence or vicariously. On the contrary, members of the staff go right to the people to be organized. Their first step is to call a mass meeting of the members of the community. In this matter, as in all phases of the work, the field workers have been most earnestly assisted by the clergy of all denominations and by leading laymen. At this all important meeting, usually addressed by Dr. Coady and Professor McDonald, the people's minds are stirred up to a vivid realization of all the circumstances of their situation. The Extension representatives, cogent speakers and possessed of a thorough knowledge of the root causes of the people's perplexities, are expert in this regard. They marshall their array of arguments, supplemented by telling facts and figures, so that their audience invariably is impressed with the conviction that many of their difficulties have resulted from their own failure to act intelligently in the past. It is pointed out to them that much of their chronic trouble has been due to their too great dependence on outside agencies. For it often happened in such cases that broken and unfulfilled promises, or lack of intimate knowledge of the nature of local difficulties, have had detrimental effects upon communities, when it should have been within the power of the people themselves to solve their own problems. In this way the speakers inculcate a state of mind which they term "neutral". That is, there is aroused a sentiment of unbiassed acknowledgment of their past deficiencies.

The people, once in this humble and receptive frame of mind, are eager to hear what they must do to effect improvement. As the professors themselves so aptly put it, the "first big hypodermic" has been successfully administered.

It is made clear that although the need for action is urgent, yet the work to be done, if it is to be wisely conducted and of a permanent nature, must be grounded on a sufficient foundation. The basis of that foundation is a clear understanding of the nature and causes of the evils they would eradicate and a thorough knowledge of the methods that they must follow in righting the mistakes of the past. It is explained that they can go further than merely to apply static remedies. A sufficiently enlightened people may fit themselves to initiate dynamic measures by which mere palliatives are scorned and drastic, but sound reforms are adopted.

By this time the people have been convinced how much of their distress has been the direct result of their generally apathetic failure to act together in the solution of their common problems. In this respect the extension officers demonstrate the advantages of co-operation and the necessity for group action. Their listeners are willing, even eager to try the experiment. But the prerequisite of successful co-operative endeavour is an educational approach. The most effective medium of that education is the study club. So they must to-day organize themselves into study groups, as a necessary preparation for the progressive action of the morrow.

In organizing study clubs, groups of from five to a dozen persons are found to be best. Since the idea of the club is to promote intimate discussions on the topics selected, experience has

shown that more than that number is liable to make the management of the club unwieldy and to detract from its central purpose. The group might be one of those set up as the result of the formal efforts of the extension workers, as outlined above. Or it might originate independently among two or three friends who elicit the interest of a wider circle until the desired number of members is reached. Common problems, mutual interests, or the fact that the members are already connected with some organization often forms the basis of a study club's formation.

The study group may be made up exclusively of men or women only, or of men and women together. The members usually, but not necessarily, are of much the same position in life. For some purposes they may be all engaged in the same occupation. No matter how distinguished in the above respects, they should above all be interested in their project, and willing to do their part in actively promoting discussion, study, and whatever measure of individual preparation and sacrifice may be demanded of them. The members ^{not} need/be expert on the subjects discussed. Their purpose in coming together is to acquire, rather than to display knowledge.

Of great importance to the group is its choice of leader. In a great measure the success of the club depends upon him. He must strive to keep up the enthusiasm of the members, to control the trend of discussions so as to curb any tendency to irrelevancy, and to supervise the selection of topics to be studied. He also acts as contact man between the study club and the Extension Department. There may be a secretary to see to the borrowing, loaning and general distribution of books and pamphlets and to other such business that might require attention. The members of some

groups take turns in acting as leader, in this way giving all the group the benefit of such experience. This procedure, in most cases, is found helpful in keeping the interest of the members at a high level.

Study clubs should meet ^{least} at/once a week. Some meet more frequently, others less often. The meetings may be held in a parlour, kitchen, barber shop, garage, hall,--anywhere that suits the convenience of the members. However, the clubs are advised to try to make the place of meeting as attractive and as comfortable as possible, such matters being important contributing factors to the general success of the meetings.

The subjects studied are determined by the locality, the occupations and the needs of the members. The groups are encouraged to study the chosen subjects thoroughly and systematically, and not to spread their efforts too thinly, and hence profitlessly, by trying to deal with too many subjects. The Extension Department encourages enquiries and, when the subject to be studied is determined, suggests and supplies, as far as possible, books, pamphlets, lesson plans and questions for discussion. It urges the members to be activated by a central motive so as to give their work purposeful direction and sustained interest.

Where a text-book is studied it is advised that every member have a copy so that reading preliminary to discussions may be done privately. Experience has shown that doing the bulk of the reading at meetings leads to waste of time. The matter to be discussed should be pre-digested, having been announced at the previous meeting. The members are made aware of the importance of doing collateral reading on the subjects from either books, magazines or

newspapers. When discussion is exhausted questions prepared by the leader or supplied by the Extension Department are presented. They may be answered at the time, or as is the more common practice, are taken home, and after due reflection the answers are written out and brought in at the next meeting. Knotty questions are referred to the Extension Department for further explanation.

The Extension Department's experience, gained in conducting hundreds of meetings, has enabled it to lay down some general regulations for leaders regarding the conduct of meetings. First, the meetings should start on time and not be prolonged beyond the fixed time. Otherwise the attendance will be adversely affected. The leader is not to unduly dominate the proceedings. He should tactfully encourage the backward and curb the more talkative persons. He should keep the discussions to the point. He should be awake to all the needs in the matter of procuring pamphlets and literature, and so anticipate those needs that there may be ample time in which to obtain this material. The leader is instructed to read over articles before meetings and to prepare questions which will provoke discussion. The whole programme of the meeting should be carefully prepared in advance. It is well to uphold the social side of the meeting. This feature may come at the end of the study period, when refreshments and light entertainment will serve to round out the evening. Where there are several study clubs in the district, they are advised to have a joint monthly meeting under a district directorate. The programme of such joint meetings usually proceeds along the following lines :

1. Report from Study Club leaders, describing Club activities.
2. Inter-club debates or public speaking contest.
3. Short talks on current subjects.
4. Address by an outside speaker.
5. Entertainment.

During the first two years of the Department's existence the Extension officers spent most of their time in the farming and fishing communities. In the year 1930-31 there were held one hundred and ninety-two general meetings at which the Extension's plans were outlined to 14,856 people. During this year 173 study clubs with 1,384 members were established. The next year 280 meetings had an aggregate attendance of 20,476, while there were 179 study clubs numbering 1,500 members.¹ In the year 1932-33, work began in the industrial areas, where a start had already had been made on a small scale during the previous winter. There were held this year 380 general meetings, attended by 23,000 persons. The number of study clubs was almost doubled--350, and the number of members more than trebled to 5250.² Two new members had to be added to the field workers' staff to assist in the work in the farming and fishing communities. Likewise, the volume of work in the industrial areas necessitated the appointment of a permanent field secretary for this region.³ In the course of the next two years Extension officers held about 1000 meetings with attendance of about 52,000. The figures for study clubs and members for the past few years show a steady upward trend:⁴

1. How St. F.X. Educates...:p.50 2. Extension Dept. Report, 1932.
 3. Ext. Dept. Report, 1932. 4. Ext. Dept. Report, 1937.

	1934-35	1935-36	1936-37
Number of Clubs	950	940	1060
Number of Members	7356	8460	9500

After the field officers of the Extension Department have started the study club on its way, the members of the staff resident at the University take up the task of guiding the activities of the club. Everything possible is done to provide helpful literature by means of books, pamphlets and periodicals so that the most up-to-date and pertinent topics may be studied. The Department gives painstaking attention to the wants of the study groups. When the material sought is not at hand it immediately takes steps to procure it, if at all possible. Queries are answered and lists of suggestions and questionnaires covering the texts commonly used are prepared and distributed.

In the early days of the existence of the Department much of the literature released to the clubs was distributed by means of mimeographed sheets. Information covering the fields of economics, rural sociology, business and farming technique, and co-operation was extensively collected. Then articles embodying the needs of the people were clipped, in some cases rewritten as circumstances might require, after which the mimeographed copies were run off. However, with the increase in the number of clubs, and as the demands upon the department became heavier, this method of disseminating information was found to be inadequate. The consequence was that in 1933 the department decided that it would be necessary to publish the " Extension Bulletin."

The "Extension Bulletin" is an eight page paper. It is issued every two weeks from October to May, and enables the Department to circulate its study material and general information in an orderly and effective manner. It is in no way a mere passive organ of information, but is an integral factor in the active program of the Extension Department. Its articles are stimulative and expedient. They touch upon topics related to the needs of farmers, fishermen, industrial workers, home-makers,--of the working community in general. Such subjects as group marketing, credit, popular ownership in industry, consumers' problems and the like are treated in connected series of articles so as to furnish material for study and discussion in the interval between successive issues of the paper. Usually there appears along with these articles a suggested list of supplementary reading which the Extension Department furnishes on application. The articles of the Bulletin are of such a nature as to render it wise for the readers to preserve their copies of the paper which is really the presentation of a related and sustained course of up to the minute studies. The circulation of the "Bulletin" is about eight thousand copies. Many readers are from outside the province, even outside Canada. There is a substantial list of subscribers from the United States, while Alberta had in 1935 more subscribers than Cape Breton.¹

The Extension Department maintains an Open Shelf Library of about a thousand volumes on sociology, economics, history, biology, and fiction. Such authors as Salter, Thorndyke, Chase, the Webbs, Gide and Fisher are being widely read and intelligently criticised as the latest works of the most authoritative writers on the problems of the moment are brought within easy reach of the people. Seventy-five to eighty per cent of the books are in constant
1. Extension Department files.

use. There are thirty travelling libraries of thirty volumes each kept in circulation among the study clubs. Since the opening of the main library at Antigonish the demand for books made it necessary to open a second central library at Glace Bay with ten branch libraries in the surrounding industrial area. These are partially supported by the people themselves. These libraries alone exchange about a thousand books at regular intervals. As a result of the interest in libraries the Provincial Government enacted the first library legislation for Nova Scotia by which the towns and municipalities may levy a tax for the promotion of further library developments.

Debates between members within a club or against members of other clubs, together with public speaking contests have been found to be most effective in arousing interest in questions of importance, in clarifying and emphasizing the main points at issue, and in training the people to develop the requisite qualities for combining individual initiative with co-operative action.

In 1933 the Extension Department formed a Debating League. Seventy clubs took part in the debates conducted by this League. In 1934 a further advance in this direction was made when a Public Speaking Contest was conducted. The Chronicle Publishing Company of Halifax presented a silver trophy for competition. The contest extended over a period of about four months, from April to July. Eliminations were held in various districts, and great interest was taken in the competition. The experience gained in conducting this contest in its first years has led to a well-defined set of regulations being drawn up to insure that the competition will be

run efficiently and with the best possible results to the community. The following list of regulations demonstrate the lines along which the contest is now conducted:¹

1. The contest will be confined to the seven eastern counties of Nova Scotia.
2. Anyone who is not a regular pupil of an elementary or High School in those counties may compete, provided:-
3. He or she is a regular attendant of a Study Club.
4. At the outset short talks should be given by competitors at Study Club meetings. It may be necessary to hold a trial contest to determine who will represent the club at later competitions in the county.
5. District or parish contests of Study Club representatives will be completed before the last of April.
6. County competitions, open to district or parish winners, will be completed before the last of May.
7. The seven county winners will compete at the time of the Rural and Industrial Conference at Antigonish, August.
8. Persons speaking at Study Club meetings may choose any subject, but at district, parish or county competitions they must speak on one of the following topics:
 1. Light and power at reasonable cost for rural districts.
 2. Social Credit.
 3. Socialization of Money and Banking.
 4. A revenue producing program for a hundred acre farm.
 5. The power of the consumers' co-operative movement.
 6. Adult Education--the only hope of democracy.

¹ The Extension Bulletin, Dec. 6, 1935; rules governing the Public Speaking Contest of 1935.

7. Future role of labor unions.
8. Have we a political democracy?
9. Possible development of the co-operative movement in Nova Scotia.
10. Shortcomings of Communism.
11. The role of Women in these changing times.
12. Cultural deficiencies of our people.
13. The need of an effective land settlement policy for Nova Scotia.
14. The up-to-date Homemaker.
15. Our Fisheries--their future.

The Extension Short Course.

The need for developing good leaders, both for the study groups and to conduct the co-operative undertakings of the various communities, was soon felt to be a matter deserving of close attention. During the 1932 annual Economic Conference of Antigonish Diocese, held in Sydney, this question was taken up.¹ The matter was thoroughly discussed and the Conference urgently requested the University to take steps toward opening up such a school. The Extension Department immediately set to work to do so and was able to open its first Extension Short Course in February, 1933. This course has been held yearly since and lasts for a period of six weeks during the months of January and February. From the beginning this undertaking was a real success. The first year saw eighty-three young men in attendance. Special lecturers are brought in to augment the regular staff. A typical list of studies followed in

1. Extension Department Report, 1932.

this school is exemplified by the 1936 programme:¹

1. Contemporary Social Movements.
2. Labor Problems.
3. Agriculture.
4. History and Principles of Co-operation.
5. Co-operative Business Practices.
6. Elementary Economics.
7. Business English.
8. Elementary Bookkeeping.
9. Community Recreational Programmes.
10. Special Work in handicrafts for lady students.
11. Practice in Public Speaking, conducting meetings, club programmes, etc.

The students are usually divided into groups to attend sessions at which subjects touching upon particular interests are treated of. At other times the whole body meets in a common assembly when questions on general topics are discussed and leaders who already have come under the fire of field experience describe the practical problems which they have encountered in their work. The course is of real practical value, for many students have been able to take over the responsibility of acting in an executive capacity in organizing and conducting community efforts as a direct result of the training received at the Extension School.

1. The Extension Bulletin, Jan.10,1936; p.4.

Chapter six.

Credit Unions.

After the study club idea has taken hold in a community the most common co-operative enterprise that the Extension Department advises the people to undertake is the Credit Union. The reason for this is that it is about the simplest and safest venture to operate as a beginning, and yet it is logically very necessary if the people intend to unite in any kind of business project. For capital is needed to establish a business undertaking and it is most desirable that the people finance their own way.

A Credit Union is an association of persons united by some common bond or community interest, joined together in a co-operative endeavour,

1. To encourage thrift by providing a safe, convenient and attractive medium for the investment of the savings of its members through the purchase of shares and the making of savings deposits.
2. To promote industry by enabling its members to borrow for productive, provident, and other beneficial purposes.
3. To eliminate usury by providing its members, when urgent need, with a source of credit at reasonable cost, which they could not otherwise obtain.
4. To train its members in business methods and self-government, endow them with a sense of social responsibility, and educate them to a full realization of the value of co-operation.¹

A few words on the history of the movement together with an examination of the results achieved by co-operative banking in

1. V.S. Alanne; Fundamentals of Consumer Co-operation; p.77.

various countries throughout the world will be profitable at this point. Such an outline will provide us with the proper background against which we may appraise the record and possibilities of the Credit Union movement in Nova Scotia.

The credit union idea came into being at about the same time that the Rochdale Pioneers were struggling with their basement store in that old warehouse on Toad Lane. Like the Rochdale project, the credit union movement was born out of severe necessity and economic distress. Conditions in Europe following the Revolution period of 1848 were deplorable and, as is always the case, the poorer people felt the full force of the depression. Many of the people, particularly those with small businesses, were struggling to tide themselves over the trying times till conditions should become better. But the unscrupulous dealings of vulturous money lenders and of dishonest merchants were wreaking havoc among those people. In their precarious condition their standing with the recognized lending agencies was insufficient to permit them to elicit loans from reputable sources.

As a consequence of the distress of the masses, many philanthropic schemes were advanced whereby the misfortunes of the people might be alleviated. Two men, living in different parts of Germany, independently hit upon a remedy possessing real value. These men, Herman Schulz-Delitzch and Frederick Raiffeisen, both received their inspiration from Victor Hubert, the pioneer who explained the co-operative movement and showed how it might be successfully used by the European people. The two Germans saw that before the people could effect any worthwhile improvement they must be able to obtain credit on reasonable terms. Having given

serious thought to Hubert's co-operative exposition, they concluded that the solution of the credit problem could be found in a co-operative banking scheme by which the people would pool their savings, however small these might be individually, and thus establish sources of credit among themselves. Both Schulze-Delitzsch and Raiffeissen emphasized that fundamental feature of co-operative credit which is the basic principle upon which the idea is founded--that among the members of any community, of any occupational or fraternal organization, there are all the funds necessary to meet the ordinary credit emergencies of that group.

Schulze-Delitzsch, Raiffeissen and a Brussels Belgian, Francis Holck, established the first credit unions about the middle of the nineteenth century. Between 1848 and 1888, the year of his death, Raiffeissen alone founded 425 credit unions.¹ The remarkable success of the German credit unions resulted in the spread of the idea to practically all the countries in the world. Germany and Belgium each have more than 50,000 credit unions, while there are thousands in France, Austria, Hungary, Italy, Lithuania, and in other European countries. In Australia, New Zealand, Japan, Egypt, the Argentine, the British Isles, the U.S.A. and in Canada, particularly in Quebec, the movement has met with success. It was estimated that in the year 1928 the total business done by credit unions the world over amounted to \$15,000,000,000.² Many co-operative enterprises are direct results of the credit union idea.

1. The Umbrella, Nov. 1937; p. 4.

2. J. MacIsaac, Credit Unions; pp. 4, 5.

Examples of these are the English Co-operative Wholesale Society Bank, with resources of \$400,000,000, the Building and Loan Association in the United States with assets of four billion dollars,¹ and co-operative insurance companies, such as the Farmers' Co-operative Insurance Companies of the United States and the Insurance divisions of the Scottish and English Wholesales Societies. Over two thousand Farmers' Co-operative Insurance Companies carry \$ 6,000,000,000 worth of insurance on \$ 7,000,000,000 worth of property, while the English and Scottish Wholesale Societies Insurance premiums total over \$ 17,000,000 yearly.²

Concerning the credit union development in Germany, J.P. Warbasse says, " It has been of especial service in Germany where it has raised the poor peasant from a state of miserable poverty to independence and self-reliance. Districts in which the credit banks have been established have undergone a marvellous change. Places where the buildings were poor and untidy; the inhabitants discouraged, apathetic and drunken; the house and cattle mortgaged at usurious rates or owned by the money lenders--such scenes have become transformed into places of thrift and beauty by co-operative banks."³

In other countries the credit union movement " has regenerated and accelerated agriculture, commerce and industry. It has stamped out usury and raised millions of human souls from the depths of despair to lives of hopefulness and service. It has supplanted shiftlessness by industry; improvidence by thrift; in-

B. J.P. Warbasse, Co-operative Democracy.

1. Bertram Fowler, Consumers' Co-operation in America; p.141.

2. MacIsaac, op. cit., p.5.

temperance by sobriety; selfishness by neighbourliness; individual effort by concerted action--in fact, has proven to be one of the most potent moral, educational and social forces in the history of civilization and in the enrichment of the life of the common people.¹

On the American continent the credit union movement has attained success comparable to that of the countries mentioned above. Alphonse Desjardins, a Quebec journalist, introduced the movement on this side of the Atlantic at the beginning of the present century. Desjardins was impelled by the exploitation of borrowers among the poor at the hands of unscrupulous money lenders to study the credit union movement. But it was not until after fifteen years of study that he finally introduced the credit union idea into Canada.

The first credit union in North America was opened at Levis, Quebec, in the year 1900. This "Caisse Populaire", or People's Bank, began with a first instalment of ten cents and the first collection gave it a capital of \$ 26.40². Desjardins and his associates suffered the customary derisive criticism that is the usual lot of innovators. But he persisted in his work and gradually began to convince observers of the merit of the idea. After seven years Desjardins' enterprise had built up a capital of \$80,000 and had loaned a total of \$ 350,000 to members at an average rate of 6½% interest³. The loan sharks of Levis who had been extracting usurious rates, frequently amounting to several hundred per cent, were driven out of the town. Today the Caisse Populaire

1. A. H. Ham, People's Banks.

2. MacIsaac, op. cit.: p. 6

3. Bertram Fowler, Be Your Own Banker, p. 4.

of Levis has assets of \$ 1,600,000 and throughout the Province of Quebec there are over three hundred such banks with a total membership of about 60,000 and total assets of \$ 13,500,000.¹

From Quebec the credit union movement spread to the New England States where it first took root among the people of French-Canadian extraction. Desjardins himself helped to set up the first credit union at Manchester, New Hampshire, after that state had enacted a Credit Union Law. After several other voluntary loan associations had been formed at different centres in the New England States, Pierre Jay, then Bank Commissioner of Massachusetts, was impressed by the value of these organizations. Jay was instrumental in having a state law passed in Massachusetts legalizing credit unions.² However it was not until a few years later that the movement began to make noteworthy progress. This happened when Edward A. Filene, a wealthy Boston merchant, became interested. He realized the need for efficient organization, and it was due to his active sponsorship and subsidization that the Credit Union Extension Bureau was formed in 1921, with Roy F. Bergengren as Executive Secretary.³

The Credit Union National Association is at the service of any group interested in establishing a credit union. It furnishes advice, gratis, and will help the credit union over its first stages of organization by sending an expert right to the group.

In regard to the necessity for credit unions in the United States, it has been estimated that 85 to 93 per cent of the

1. C. Vaillancourt, Director, Fed. of Caisse Populaires in Quebec, in address at N.S. Credit Union Convention, 1937.

2. Fowler, Be Your Own Banker, p.4.

3. Ibid., p.4.

American people have not access to bank credit at legal rates of interest. Yet the mass of the people at various times stand in urgent need of credit. For years they have been forced to have recourse to loan sharks, and for years the loan sharks have bled the people to the limit. The Russel Sage Foundation cites one case of a man who paid \$ 312 on a \$ 10 loan and then was sued for the principal. A Chicago investigation revealed one loan of \$ 30 paying interest of \$ 1080, while there is another case on record in which 3000% interest was charged on a loan.¹ It is little wonder that the credit union movement should meet with unqualified success once it is understood.

Today the ramifications of the Credit Union movement in the United States are very extensive. In 1909 twenty employees of the Bell Telephone company started a credit union with a capital of \$ 4.60. In ten years the capital had grown to \$ 1,500,000.² After twenty years existence a credit union started by twenty employees of the New England Telephone and Telegraph Company in Boston with capital of \$ 20 had expanded to eight credit unions with assets of over two million dollars. Swift and Company has over one hundred and thirty credit unions in its different plants, all of which were formed since 1931. Already these unions have assets of \$ 600,000 and have made loans of \$ 1,670,000. In the Armour Company \$3,300,000 worth of loans have been made through the agency of employees' credit unions.³

Perhaps the most striking example of what co-operative credit

1. MacIsaac, op. cit., p. 9.

2. Ibid., p. 6.

3. Fowler, op. cit., pp. 6, 7.

can mean to the poor is illustrated by the credit union established in Boston's North End slum district. Most of the people living there are poor Italians,--labourers, fruit vendors and fishermen. Conditions were especially distressing following the ruinous financial exploits of Charles Ponzi about seventeen years ago. When the ethereal schemes of Ponzi failed many of his compatriots were dragged to ruin with him. Three banks in the district failed and yet in such a setting of distrust and bitterness, a credit union was founded in 1921 with a capital of \$14. Despite the hardships of years of depression the capital of this credit union has grown to about \$ 70,000 and it has made loans of over one million dollars.¹

The co-operative saving idea has meant much to postal employees, teachers, civic employees and others whose employment makes it imperative for them to hide their financial troubles. For years they had been flagrantly exploited by loan sharks. Today these professional groups have their own co-operative lending agencies in most of the large American cities.

By 1934 the activity of Credit Union leaders had resulted in laws legalizing credit unions being passed in all but ten of the American states. Taking advantage of the New Deal Administration, credit union representatives, headed by secretary Roy. F. Bergengren, carried the fight beyond the influence of obstructing state lobbyists who were financed by the big loan agencies. In the summer of 1934 Congress finally passed Senate Bill 1639 by which credit unions were legalized anywhere in the United States or its possessions by federal charter. Where a few years ago new credit unions were being founded at the rate of about ten or fifteen a month, now

1. Fowler, op. cit., p.6.

they are being established at a rate of more than two hundred monthly.¹

The first step in introducing credit unions into Nova Scotia was the preparation of legislation legalizing such institutions. To this end the services of Roy F. Bergengren, secretary of the Credit Union Extension Bureau of Boston, were secured. Under his guidance the Nova Scotia Credit Union Societies Act was drawn up. Through the activities of Doctors Tompkins and Coady this bill was passed by the Nova Scotia Provincial Legislature during that same year, 1932.²

In order to obtain a charter for a credit union the members must first sign three copies of the Memorandum of Associations, along with three copies of the Rules and Regulations prescribed by the Act. Two copies of these must then be sent to the Registrar of Joint Stock Companies, the third copy being held by the secretary to be placed among the permanent records of the Credit Union.

The Memorandum of Association designates the name and location of the proposed Credit Union. According to this memorandum the recognized objects of the Credit Union are:

1. To receive the savings of its members either as payments on shares or as deposits;
2. To make loans to a co-operative society or other organization having membership in this Credit Union;
3. To deposit in chartered banks in Canada and, to any extent which shall not exceed twenty-five per cent of its capital, invest in the paid-up shares of building and loan associations and of other Credit Unions;

2. Extension Dept. Report, 1932. 2. Fowler, op. cit., p.140.

4. To invest in any legal investments authorized by law for trust funds in the Province of Nova Scotia;
5. To borrow money as provided by Chapter 11 of the Acts of Nova Scotia, 1932, and amendments thereto at any time enacted.
6. To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, and other negotiable or transferable instruments;
7. To do all other acts and things as are incidental or conducive to or consequential upon the attainment of the above objects, and including the matters and things set out in the Credit Union Act, aforesaid, and amendments thereto.

Members of credit unions are usually bound together by some common occupational or fraternal bond of interest. The requirements for membership are honesty, industry and good character. The applicant must be a member of the group mentioned in the charter as being served by the Union. For example, he must be a member of a parish, industrial group, labour union, etc. As soon as he ceases to have this qualification he must withdraw from the credit union. In applying, an application card is to be filled out, endorsed by a director of the Credit Union and approved by the directors at a regular meeting. Upon payment of the entrance fee (not more than 25c) and of the first instalment toward buying one or more shares, the applicant is admitted to membership by the Board of Directors.

The membership of the credit union is not limited, since such procedure would violate a fundamental principle of co-operative. Members may withdraw on any day the credit union is open for business. In order to safeguard the interests of the members of the union certain conditions may be evoked in the matter of withdrawal. If a member owns a considerable number of shares he may be required to give as much as ninety days notice. Likewise, the directors may require a depositor to give thirty days notice if in their judgment the withdrawal might jeopardize the Union's stability. A member is not permitted to withdraw shares or deposits if he owes the Credit Union money or is the guarantor of any loan.

The capital of a Credit Union consists of the funds paid in upon shares by members, together with unpaid dividends credited thereon. The issuance of shares is not limited, so that there is no restriction to the expansion of the Union either through enrolment of new members or through the purchase of additional shares by accredited members. In accordance with co-operative principles, no matter how many shares a member may own, he still has but one vote. It is thought wise, however, to place some limitation to number of shares each member may own, so as to preclude the danger of too much influence being wielded by a member or members with abnormally large share holdings. The value of a single share in Nova Scotia is five dollars. The share is paid for by weekly, fortnightly or monthly instalments. In most cases a twenty-five cent instalment is paid every two weeks. If desired, full shares may be purchased outright at one time. This method is often encouraged in setting up a new Credit Union so as to put it in a

strong position right from the start. However, in the preparatory study club discussions the value of small instalment buying of shares is impressed upon the people. The reason for this is that it promotes the habit of thrift and disposes the members to keep in close touch with their union. Members are required to pay instalments on shares when due. Unless excused by the Board of Directors, there is exacted a fine of $\frac{1}{2}$ to 1% per instalment period on amounts in arrears, with a minimum fine of 5 cents. Besides share savings, which are the result of systematic saving and are of a permanent nature, deposits may be made. Deposits are irregular amounts held in a special account for the purpose of taking care of needs that may arise in the near future.

The income of the Credit Union is derived from (1) Interest paid on loans by borrowing members; (2) interest, if any, on bank balances, including in many Credit Unions deposits in savings banks and paid up on matured shares in building and loan associations; (3) dividends on any investments which may have been made. Credit Unions, especially in their earlier years, are slow to enter the investment field. If it happens that a Credit Union has more money than it needs for loans, it may apply its surplus "in any investments authorized by law for trust funds in the Province of Nova Scotia." ¹

The Nova Scotia Credit Union Act requires a reserve fund to be set aside. This reserve fund consists of 20% of the net earnings together with all entrance fees and fines. This reserve fund must be kept liquid and intact and cannot be loaned out to members. It is to be kept as security against possible bad loans and is not

1. Nova Scotia Credit Union Act.

to be distributed except in case of liquidation of the Union. Besides the reserve fund required by law, Credit Unions are advised to establish what is known as a surplus fund. This fund, like the reserve fund, is to be used in case of bad loans, but in addition may also be used to help augment dividends in poor years.

In the matter of operating costs the Credit Union has a natural advantage over the professional loan agency whereby overhead charges are appreciably diminished. The quarters of the Credit Union need not be elaborate. The staff is made up of voluntary workers, for the most part. The office need be opened only at certain times each ^{week} to suit the convenience of the members. One of the large items of expense of the loan agency is the cost of investigating the applicant. Where the loan is a moderate one this cost is out of all proportion to the amount of the loan. In the Credit Union group the applicant is already well known, or can be investigated with practically no trouble. Again, the Credit Union security committee is not concerned exclusively with material collateral. It puts great premium on the character of the applicant. Experience has shown that of all collateral, character is by far the soundest.

The net profit of the Credit Union is the difference between the gross income and all operating costs--salaries, deposit interest, reserve and surplus funds. The net profits are used to pay dividends on shares, that is, they are returned to those who created them. Share dividends are paid annually. When shares only become paid up during the course of the year they receive a proportionate dividend payment. This dividend is usually from five

to seven per cent.

Regulations governing loans are as follows :¹

1. The credit union may make loans exclusively to its members except that a loan to a member which is a similar or affiliated corporation may be made only with the consent of the Registrar.
2. Security satisfactory in each case to the credit committee shall be required of all loans in excess of fifty dollars to which loans may be made without other security than the note of the borrower.
3. No loans shall be made except for a provident or productive purpose.
4. A borrower may repay his loan in whole or in part any day the office is open for business.
5. A member may not borrow from the credit union when not in good standing nor if he has failed to repay any previous loan nor if he is in arrears in the payment of any current loan or instalments thereon.
6. No loan shall be made except on written application which contains all of the information required and is signed by the person desiring the loan. All applications shall be filed as permanent records of the credit union.
7. A member failing to pay an instalment on a loan when due, unless excused therefrom for cause by the board of directors, shall pay a fine of $\frac{1}{2}$ to 1% per instalment per period on the amount in arrears, the minimum fine to be five cents.

If instalment, interest or fines remain unpaid for any one month, the board of directors may take such steps toward terminating his membership and making collection as may in its judgment be advisable.

In the case of an officer of the society applying for a loan, his request must be voted on in the usual way. The applicant is not allowed to be present at this voting. Small loans have the preference over larger ones, all other things being equal. For example, it is preferable to make five loans of \$ 100 each to one large loan of \$ 500. In this way the risk is decreased by the spread of the loan, while the wants of a larger number of members are accomodated.

The officers of a credit union are the president, vice-president, treasurer and clerk. They are elected from the Board of Directors. The president presides at all meetings of members and of the Board of Directors. He countersigns all checks, notes and drafts drawn by the credit union.

The treasurer is the general manager of the credit union. He must be energetic and willing to make the interests of the credit union his foremost consideration. It is the duty of the treasurer to sign all checks, notes, drafts, etc. He has custody of cash, securities, books and valuable papers of the union. He takes care of the bookkeeping, prepares reports, etc. The treasurer must deposit credit union funds in his possession in the bank of the union within 48 hours after receiving them. The treasurer and clerk are the only members of the Board of Directors who may be compensated for their services, since their duties require

considerable attention.

The Board of Directors, which consists of not less than five members, has the general management of the affairs of the credit union such as dealing with applications for membership, determining interest rates, declaring dividends and like matters. The Credit Committee supervises all applications for loans and sees that adequate security exists for such loans. The Supervisory Committee is the auditing committee. It examines the books of the union at least every four months, and at the end of each fiscal year makes an annual report and audit to be submitted to the annual meeting of the members.

The first credit unions in Nova Scotia were established at about the same time, toward the end of December, 1932. One was at Broad Cove and the other at Reserve Mines. The people of Broad Cove had been studying credit unions for two years previously, while the subject had been studied at Reserve Mines for a year before formal organization was undertaken.¹

The Reserve Mines venture is particularly interesting in that it was initiated in the heart of an industrial area during the blackest period of the depression years. When Dr. Coady and Professor McDonald told the people that one way to solve their problems was to undertake co-operative banking, they could see no reason at all in the suggestion. However, at the insistence of Dr. Coady they agreed to set up study clubs. Under the supervision of the Extension Department these clubs studied banking, co-operative philosophy, the history of co-operation and the

1. MacIsaac, Credit Unions, p.11.

mechanics of co-operative business. During the winter of 1932-33, the average weekly earnings of the miners were around \$ 1.50 to \$ 2.00 to each family, which were supplemented by local relief agencies.¹ None the less, twenty-six members of the community became the charter members of the pioneer enterprise. The early savings were made up principally of odd pennies that formerly dribbled away from meagre incomes in movies, card games, etc. In May of 1934 the membership of this Credit Union had grown to 309 members, savings totalled \$ 4875.46 and loans amounting to \$ 3530.00 had been made.² By November of the same year the membership had increased to 364 and the savings now totalled \$ 13,603.47. Up to that time \$ 18,888.62 had been loaned to 438 borrowers.³ The figures for November 1937 reveal that the share capital of 590 members amounts to \$ 25,000 while the total loan business has been \$ 150,000. To date there has not been a single default.⁴

A realistic picture of the above Credit Union in action is given in an article of the St. F.X. Extension Bulletin:⁵

" We visited the Reserve Mines Credit Union first. In this bright well-furnished office a crowd of depositors were keeping five clerks feverishly busy. What a shock it must be to the champion of the " rugged individualist" to see these well dressed, alert, efficient men, miners five days of the week, doing their

1. The Canadian Co-operator, Oct., 1937, p.21.

2. Ext. Dept. Report, 1934.

3. Ibid. Report, 1935.

4. Consumers' Co-operation, Nov. '37; p.166.

5. Extension Bulletin, May. 10, 1935.

own banking business-- and doing it without any remuneration other than a very great personal satisfaction. Mr. J.G. MacNeil, the Supervisor of the Credit Union Committee, was in a small office behind and up to his eyes in work approving loans for applicants who were standing around awaiting. He told us that their loans amounted to over \$ 800 weekly. Loans are made for everything from paying hospital bills and taxes to building homes, the only specification being that the loan be for a productive or provident purpose. We were cited instances where borrowers saved as high as \$ 200 on one purchase by borrowing from the Credit Union and paying cash for it. It was interesting to watch customers coming and going, handing in deposits and pass books, stopping to talk over their problems, sometimes buying a magazine like the "Instructor" or similar ones which were on sale in the office. All the members we talked to were keen, interested and tremendously proud of their building and business, as well they might be."

At New Aberdeen the Coady Credit Union is housed in an up-to-date building erected by voluntary labour. To pay for the material used in construction these enterprising people chartered a steamboat and held excursions, some of which netted them \$ 500. The Coady Union in its first year had 267 members with ~~total~~ savings of \$ 3079.92 and made loans of \$ 1550.00. Six months later there were 473 members, share capital of \$9787.89 and \$ 10,195.34 in loans had been made to 256 borrowers.¹

Some Credit Unions made even more remarkable advances within short periods of time. The New Waterford Credit Union was formed in April, 1934. Previous to this, regular weekly classes were held

1. Extension Dept. files.

in the Town Council Chambers every Saturday evening for the officers of the study clubs in the locality. These officers were representative of upwards of 500 study club members. The classes were held under the direction of Mr. A.S. MacIntyre, ST.F.X. Extension field secretary, who instructed the class in the Credit Union movement. During the winter the study club members had been saving twenty-five cents per week toward the purchase of shares in the Credit Union which they planned to form. When it was felt that they were sufficiently instructed, forty-six citizens signed the usual petition to the Provincial Registrar of Joint Stock Companies in order to obtain a union charter. This society was formed under a governing body of twelve directors, an Investigating Committee of six and a Supervisory Committee of three. The shares had the customary value of five dollars each, payable in weekly instalments of twenty-five cents.¹

The New Waterford Credit Union after only twelve months' operation had seven hundred members, \$ 16,000 share capital, a building worth \$ 1500 and the very latest office equipment, including mimeograph and adding machines.² After two years this Credit Union had a membership of 750, assets of \$ 20,000 and a loan turnover of \$ 36,000 which was used to pay taxes, insurance, education and hospital bills, etc.³ When the New Waterford Co-operative Store was organized in the winter of 1934, fifty per cent of the capital was obtained on loan from the Credit Union.⁴

1. Extension Bulletin, Apr. 4, 1934; p. 8.

2. Ibid., May 10, 1935; p. 8.

3. MacIsaac, op. cit., p. 7.

4. Ibid.

To-day this Union has a membership of over 1200.¹

As mentioned above, the Nova Scotia Credit Union Societies Act was passed in December, 1932. During the following year nineteen credit unions were formed. A report to the Extension Department from seven of these in operation from about one year to two weeks gave the following figures:²

<u>Name</u>	<u>No. of Members</u>	<u>Total Savings</u>	<u>Outstand'g Loans</u>
Reserve Mines	309	\$ 4875.46	\$3530.00
Caledonia	265	2670.25	1100.00
Glace Bay Fishermen	151	254 .00	205.50
Coady (New Aberdeen)	287	3079.92	1550.00
MacIntyre	176	3300.00	1500.00
New Waterford	220	10081.00	245.00
Glace Bay	118	386.00	140.00
	<u>1426</u>	<u>\$15571.63</u>	<u>\$8270.50</u>

By the end of 1934 the number of Credit Unions had increased to twenty-seven. These had accumulated total savings of \$70,000 and had loaned \$ 80,000 to 3,716 members. At that time the Reserve Union Mines had the greatest savings total, \$ 13,603.47 and had made 638 loans worth \$ 18,888.62. The largest memberships were New Waterford, 450 and the Coady Credit Union at New Aberdeen, 473. By the end of 1936 there were 90 Credit Unions with membership of 15,000. They had done a loan business of half a million dollars and had assets of about \$ 300,000.³ According to the latest information (March, 1938), there are 120 unions with a capitalization of \$ 500,000. In 1937 they loaned approximately \$ 750,000. The membership has increased to 18,000.⁴

1. Canadian Co-operator, Oct 1937; p.21.
2. Extension Dept. files.
3. Dr. Coady, Program of Adult Education; p.5.
4. Professor A.B. McDonald; address before House of Commons Banking and Commerce Committee, Ottawa, Mar.23, 1938
Montreal Daily Star, Mar.23, 1938; p.11.

Untold benefits have followed the introduction of the co-operative saving idea. The people have been educated in many phases of modern credit and financial operations on which they had lacked even elementary knowledge. This in itself is important to a people whose ignorance in such matters had for so long rendered them exploitable by rapacious outsiders. Credit is available now ^{are} at reasonable rates, losses and debt/being averted and savings are accumulating. " In the fishing villages," says Mr. MacIntyre of the Extension Department, " loans are made to cover the lobster season. When that season is over loans are made to cover the sword-fishing season, and then the halibut season, and so on."¹

Farmers are making substantial savings by using co-operative credit facilities. Buying on credit is costly and often raises the price of a product exorbitantly. The farmers' need for credit is so much the more important because of its seasonal nature. The farmer must mortgage the future and if he cannot obtain loans at fair rates he is at the mercy of usurious lenders or is forced to pay dearly for supplies bought on credit. The following table indicates how buying on a time basis added to the cost of fertilizer to three farmers :²

	Cash price per ton	Agent's time price	Loss	Interest
Farmer No.1	\$21.75	\$ 25.75	\$4.00	36%
Farmer No.2	21.75	30.75	9.00	82%
Farmer No.3	21.75	42.00	20.25	186%

1. A.S. MacIntyre, Canadian Co-operator; Oct., 1937, p. 21.

2. Extension Bulletin; Feb. 7, 1934, p. 3.

Illustrating the practical concern which credit societies show for the needs and difficulties of members, Dr. Coady relates the following story.¹ A young man wished to buy a truck to work on the trans-Canada highway which was being built through his community. He borrowed five hundred dollars from his credit union and this amount, added to his own funds, enabled him to buy the truck. About a month later he fell seriously sick and was forced to enter a hospital. Here the credit union stepped in. It took over the truck, hired a driver, and carried on the road construction work. Not only did the society officials pay back the loan to the credit union, but they also paid the man's hospital bill.

The Nova Scotia Credit Union League.

The various Credit Unions are federated in the Nova Scotia Credit Union League, which is sub-divided into Chapters. Each month representatives of all the Unions of the Chapters assemble to discuss problems of common interest. The purpose of the League is :²

1. To promote interest and co-operation between credit unions and members of credit unions.
2. To further the organization, on a sound basis, of additional credit unions in Nova Scotia.
3. To improve credit union operating methods.
4. To care for the common legislative problems of the credit unions in Nova Scotia.
5. To disseminate information in respect to the benefits of

1. Dr. Coady, Program of Adult Education, p.5.
 2. MacIsaac, op. cit., p.19.

credit unions and methods of organization and operation.

6. To carry on such central business functions for and in behalf of its members as ^{make} may/for their common benefit and for the financial support of the League.
7. To promote such meetings as will make most effectively for an interchange of information and suggestions relative to the common good of credit unions in said Province.
8. To strive for uniformly standards of conduct and to represent its members in contracts with Government departments, and
9. To further in every way the development and progress of credit unions in the Province of Nova Scotia.

Co-operation among the Fishermen.

The fishing grounds of the Maritime Provinces are among the most extensive and valuable fishing areas in the world. On the Atlantic, from Grand Manan to Labrador, the coast line measures more than five thousand miles. Maritime fishermen have access to more than two hundred thousand square miles of ocean waters, comprising four-fifths of the ocean fishing area of the North Atlantic. There are, besides, inshore fishing waters having an area of twenty-five thousand square miles.¹

The Atlantic fisheries were the first Canadian fisheries in point of time. The products of these waters are principally cod, haddock, hake, herring, halibut, pollock, mackerel, sardines, salmon, alewives, oysters, lobsters and clams. Since it is axiomatic among authorities that food fisheries improve in proportion to the purity and coldness of the waters in which they are taken, the quality and value of these fishing resources is readily apparent.²

In Nova Scotia roughly eight million dollars are invested in the fishing industry which employs about twenty thousand people. Between one-sixth and one-fifth of these are employed in fish canning and curing establishments.³ Inshore or coastal fishery is carried on in small boats, usually motor driven, with crews of two or three men, or with small vessels carrying crews of from four to seven men. Boat fishermen use gill nets, hooks and lines, both hand lines and trawls, while on the shore trap nets, haul seines and weirs are used. Deep-sea fisheries are carried on from

1,2. Fisheries Statistics of Canada, 1935; pp.4,5.

3. N.S. Royal Commission Economic Enquiry, 1934; p.185.

vessels of from four to one hundred tons carrying from twelve to twenty men operating for the most part with trawl lines from dories, with some fishing done directly from the vessels by means of hand lines. The larger vessels remain at sea for months at a time, during which much of the curing of the fish is done on board, to be completed after the vessels' return to port. Trawlers, owned and operated by the larger Fish Companies, are used entirely in the fresh fish trade. The trawlers, under the Fisheries Act, must be registered as British ships in Canada, owned in Canada and licensed by the Minister of Fisheries, and their operations must be restricted to waters at least 12 miles from shore.¹

The provinces of Quebec and Ontario are the largest markets for fresh fish. The Maritimes first obtained entry into these markets in 1908 when the Department of Fisheries undertook to pay one-third of the express charges on less than carload lots from Atlantic ports to posts west of the Maritimes.² As shipments increased in quantity, improved freight facilities were provided and refrigerated cars gradually put into service so that by 1915 Quebec and Ontario were the best home markets of Atlantic fish dealers. For example, in one year, 1926, 90,000,000 lbs. of fresh fish were disposed of as follows:³

Market	Approx. consumption	% of total
Maritime Prov.	13,500,000 lbs.	15
Quebec and Ontario	31,500,000 lbs.	35
West. Canada, U.S. & elsewhere	45,000,000 lbs.	50

1. Fisheries Stat. op. cit., p.5.

2. Report, Royal Comm. on Maritime Fisheries, 1928; p.33.

3. Do., p.34.

However, New Brunswick and Prince Edward Island, on account of their closer proximity to the Central Canadian market, have a distinct advantage over Nova Scotia. In recent years the amount of Nova Scotian fish marketed here has declined while there has been a steady increase in the amount shipped from New Brunswick and Prince Edward Island.¹

The principal export markets for Atlantic coast dried fish are the West Indies, the United States, Cuba, Porto Rico, Brazil and Portugal. Nova Scotia provides about 60% of the total production of dried fish in the Maritime and Quebec fishery area.² This compensates in some measure for the decline in the fresh fish trade. In the matter of shelled fish, the lobster industry is one of the most important and valuable branches. About 20% of the production is disposed of alive, chiefly to the home market and to the United States when the supply from other sources is low. The remaining 75%, usually about 20 to 25 million pounds, is canned and shipped to Europe and the United States, while efforts are being made to increase the home demand for the canned product.³

The depopulation trend referred to earlier in this treatise had much to do with the economic decline of many fishing communities. Not only was there the exodus to the United States, Central and Western Canada, but the industrialization of certain sections of Nova Scotia, such as steel and coal mining developments in eastern Cape Breton and the New Glasgow area, played its part. This

1. Saunders, op. cit., p. 47.

2. Royal Commission on Maritime Fisheries, 1928: p. 38.

3. Ibid., p. 17.

This exodus was partly due to the attractiveness of the opportunities offered in the centres to which the drain of men took place. But it was also a result of the positive decline in the material returns derived from the fishing trade itself by the ordinary fisherman.

With respect to this last mentioned reason for the decline which has overtaken many fishing villages, the increasing use of the trawler has been important. In addition to the other objections to the use of the steam trawl, the Royal Commission on Maritime Fisheries (1928) has this to say: " that they are responsible for over-production and the consequent glutting of the market, thereby preventing the shore fisherman from disposing of his catch, of superior quality, at a reasonable price; that because of the low prices offered, and the virtual control of the Canadian markets by the companies operating steam-trawlers, the shore fishermen are deprived of an adequate livelihood, with serious depopulation of the fishing villages in recent years."¹ Incidentally, the report goes on to state that a " glutted " market does not imply lower prices to the consumer. " The consumers' prices do not change materially, even when the product is abundant. According to fishermen's statements, when there are large catches of fish, the companies operating steam-trawlers do not buy from the shore fishermen, or they buy at their own prices, as a rule far below a reasonable return. They then make the surplus unsold fish into fillets, smoked or frozen, which are kept in storage for disposal when the supply begins to decline and the demand increases. In other words, they are said to control the market and the output of the market.

1. Royal Comm. Maritime Fisheries (1928): p.92.

" The shore fishermen have received as low as 60 cents a 100 lbs. for cod; and the usual prices paid until within the last few months has been from one cent to $1\frac{3}{4}$ cents a lb. for cod and haddock, depending upon the classifications as "steak" or "market"..... The fisherman has to sell, as a rule, in the cheapest market and buy in the dearest, and as the cost of the necessities of life in fishing villages, and of implements of production have increased rather than declined, he seeks similar employment elsewhere. As a result, the population of the counties in Nova Scotia where fishing is carried on has considerably declined in recent years."¹

Further significant objections to trawlers are that they are foreign owned and foreign manned and that they destroy the gear of fishermen without making restitution.

An important reason for the loss of fishing trade in the Maritimes was the lack of organization among the fishermen and their failure to apply efficient and modern methods in processing the fish. This is particularly the case in the dried fish trade where Nova Scotia has suffered a substantial decrease in the amount of fish exported to the West Indies at the expense of European exporters.

" Different markets often demand different types of cures, and as the local fishermen, and those who make a business of drying, do not follow the finished product to its ultimate destination, they are unacquainted with the demands of the market; and the industry, therefore, finds itself in a

1. Royal Comm. on Maritime Fisheries, 1928; p.95.

position where it is obliged to dispose of its fish on the markets that will take the quality which has been produced since they do not produce especially for the various markets. Obviously this is an obsolete method of production. The strongest competitors to the Maritimes, Norway and Great Britain, follow a different method. There, the fish are cured by the exporters and the peculiar tastes of different markets are recognized and provided for. During the war Maritime producers gained a good footing in Cuba, but to-day Norway and Great Britain have largely captured the market, due to the better quality of their product. The same story is told about Brazil, where Scotch and Norwegian fish have practically driven out the Canadian product. The following figures for the production of dried cod, of five years averages between 1900 and 1930, illustrate the falling off which this industry has suffered in Nova Scotia:¹

Period	Prod. in cwt.
1900-1904	569,309
1905-1909	508,364
1910-1914	486,029
1915-1919	276,066
1920-1924	317,601
1925-1930	297,849

In regard to the fresh fish trade the difficulties of the eastern Nova Scotian fishermen have been due chiefly to two causes: the United States tariff, which has imposed a serious restriction on trade with the easily accessible markets of the United States, and transportation difficulties in the case of the Central Canadian markets.² The steps taken by the Federal Government since

1. S.A. Saunders, op. cit., pp.47-48.

2. Ibid., p.49.

1908 in aiding the Maritime fishing industry to reach these latter markets have been beneficial chiefly to the western Maritime areas. Naturally, the good results have failed to reach the more remote eastern Nova Scotia areas in the same degree. An important factor also is the inadequacy of local transportation facilities in most of the fishing communities. Here the problem becomes rather complicated. For instance, the Guysboro coast was formerly settled almost exclusively by fishermen engaged in the dried fish trade. The old method of drying the cod required the use of large open areas of land, resulting in a scattered population. But to-day, in Guysboro county, the dried fish business is practically non-existent. Here, where production of dried fish was at one time around 30,000 cwt. annually, it has fallen to as low a figure as 1050 cwt. in recent years. When Guysboro fishermen attempted to engage in the fresh fish trade they were at a decided disadvantage. Since the fresh fish market demanded that the production should reach the market as soon as possible after being taken out of the water, the wide distribution of the population made collection both difficult and costly.¹ Likewise, sections of Richmond and Cape Breton counties, between Louisburg and St. Peter's, where fishing is extensively engaged in, are without railway service. In the fishing village of L'Ardoise in Richmond County, fish intended for Halifax and incoming supplies must be transported overland to and from St. Peter's at an additional charge of from 15 to 20 cents per cwt.-- a weighty burden to the fishermen of the locality.²

1. Saunders, op, cit., p.49.

2. Report, Royal Comm. on Maritime Fisheries, 1928; p.57.

The gradual decrease in the population of the communities in which fishing is carried on has been most marked in those regions to which the efforts of the St.F.X. Extension workers are at present most particularly directed, namely, Cape Breton and the eastern Nova Scotia counties of Pictou, Guysboro and Antigonish. Between 1890 and 1935 the number of fishermen in Nova Scotia dropped from 28,224 to 14,456, a decrease of 49%, while in the same period for the eastern counties the decrease was from 13,429 to 5,432-- a decline of 59%. The following figures indicate the extent of the depopulation which has taken place among the fisherfolk in these counties:¹

Counties	1890	1897	1917	1927	1935
Richmond	3052	2635	1753	1374	1274
Cape Breton	1415	1316	1353	825	766
Victoria	3034	1365	1024	1028	727
Inverness	2480	1831	1040	800	927
Pictou	146	465	404	340	572
Antigonish	516	303	243	492	475
Guysboro	2706	2750	1949	1539	1491

It is evident that Nova Scotia fishermen have had to face serious difficulties, many of which were beyond their best powers to contend with and which blighted the fishing industry through no fault of the individuals engaged therein. Nevertheless it is true that much could have been done to arrest decline, to prevent the loss of markets and to develop latent possibilities had these problems been subjected to organized and enlightened study on the part of the fishermen themselves. Too often in the past the people,

1. Fisheries Statistics, 1935: p.139 (Dom. Bureau of Stat.)

by their apathy, left themselves open to exploitation by outsiders. Mr. A.S. MacIntyre has put it thus," Fishermen were probably the most exploited class of people in the Maritimes. American packers supplied them with their fishing equipment at the highest price, and also took back the products of their labours and gave them the lowest price. As a result, the people were constantly in debt. For instance, at Havre Boucher, the people were practically impoverished. American packers came in there, equipped them for fishing, bought their lobsters at the lowest possible price, and brought in outside labour to operate the factories. They even began to bring in outside fishermen so that the local community was almost completely excluded."¹

The fact that the industry is characterized by very small producing units and concentrated distributing units aggravates the problems of the individual fisherman. Some years ago small companies were to be found in almost every fishing community. In time through mergers, consolidations, etc., the small companies were forced out of the business. The result was the centralization of large plants and the closing of the smaller ones. The buyers became more and more impersonal and arbitrary in their dealings with the fishermen. But most important was the fact that the companies co-operated with each other in giving the primary producer a low price for the product, while at the same time they competed strenuously in the selling market.²

The St. F.X. Bulletin³ gives some samples of average earnings of fishermen, which can be seen to be unbelievably small. In 1933 the average for the whole industry was between \$ 75 and

1. Canadian Co-operator, Oct., 1937, p.22

2. The Extension Bulletin, March 7, 1936; p.5.

3. Ibid., Mar.21, 1936; p.5.

\$ 400 per year, improved by about 10% during 1934; for the Lunenburg-Shelburne; Lunenburg, Lockport and Shelburne, \$ 300, Liverpool, \$ 275; for Digby County the average earnings were around \$ 300; Yarmouth, \$400; Canso district, \$160; Arishat, Petit de Grat, and St. Peter's, all points on the eastern Cape Breton coast, not above \$ 100; Louisburg, \$ 175; North Sydney, \$100 and Glace Bay \$ 75.

It was as the result of such distressing conditions as these that the experiment on which the whole St. F.X. movement basically is founded was undertaken in 1925 under the direction of Dr. J.J. Tompkins. Dr. Tompkins had been very much concerned by the plight of so many of the common people in the constituency and, together with other members of the faculty, had given much thought to the study of how conditions might be bettered. In 1919 he had attended an educational congress in London at which the question of adult education was discussed, and he became impressed by the possibilities of the idea as the real foundation on which a program of rehabilitation might be built up. Dr. Tompkins was one of those present at the meeting held in New York on June 18, 1924, for the purpose of organizing the American Association for Adult Education. Having little concrete evidence to work upon, Dr. E.L. Thorndike was delegated to head a research committee to examine thoroughly the question of adult education. The results of Dr. Thorndike's effort did not appear until five years later when he published his treatise, "Adult Learning." However, in 1925 Dr. Tompkins was transferred to the parish of Canso and assumed also the spiritual care of the village of Little Dover, eight miles distant. The village

was made up of between fifty and sixty families comprising a population of about three hundred people. These people, living on the rocky shores of the Atlantic, were dependent upon fishing for their livelihood. They were receiving such poor returns for their labour that they were living on the verge of starvation. Worse still, they had become disposed to accept such an existence as normal and until the advent of Dr. Tompkins gave no serious thought to the question of improving their situation.

Dr. Tompkins felt that it was within the power of these people themselves to raise their standard of living. Indeed, he believed that it was only what they would accomplish by their own efforts that would be of lasting value. So he set out to get the community to study their difficulties and to meet them intelligently by means of a program of adult education conducted by himself on his fortnightly visits to Dover.

On these Saturday evenings he would preside at gatherings of the people. Gradually the number attending these meetings began to increase until after four years about a hundred people were actively interested in the project. As much as possible Dr. Tompkins invited outside speakers to address his folk. In this way their experience in knowledge was widened, their enthusiasm was kept alive, and the people began to assume a new sense of self-respect. Then in 1929 Dr. Thorndike's book appeared. In this book it was maintained that "adult education suffers no mystical handicap because of the age of the students".¹ Dr. Tompkins immediately stressed the point that as far as the people of Dover were concerned Thorndike was propounding nothing new--that their

1. E.L. Thorndike, Adult Education; p.179.

own experience in the field of study during the past several years was a practical exposition of the truth of Dr. Thorndike's thesis. For example, we read in the Halifax Herald, " While in Canso the writer was introduced to Alex Keefe, of Little Dover, who carries the distinction of being the brightest scholar at the Little Dover night-school. Alex Keefe led the class in every subject and for his general proficiency in reading, 'riting and 'rithmetic, as well as economics and history, he was awarded a first prize. And Alex Keefe is sixty-two years of age! " 1

The people, convinced that they were on the right road, soon took steps to put their knowledge to practical effect. They resolved to build a lobster factory by community effort, and to sell their produce directly to the consumer.

So poor were these fisherfolk that it took them two years to raise capital of one hundred and twenty-five dollars. They went into the woods, procured their own lumber, and worked together on the construction of the factory which they operated in 1931. During the first year a dividend of $\frac{1}{4}\%$ was declared. Encouraged by their success, these men in 1932 co-operatively built two well-sized fishing smacks. At the end of the fishing season they declared a dividend of one per cent. During the following year they expanded further and built a fish plant and a storage house.

It was during these years that the St. F.X. Extension Department undertook its field activities, and the people of Little Dover received valuable direction and encouragement from this source. They took up the study of the principles of co-operative

1. The Halifax Herald, Jan.16, 1934.

buying and marketing. They studied improved techniques of fishing and fish processing, and learned the value of planning their work co-operatively. Night school classes increased in attendance and men who were illiterate learned to read. In the woman's domain study clubs were formed and sewing, weaving, knitting and other house making activities were studied.

The fishermen learned the value of pooling their orders when purchasing, whereby such savings as \$ 4.00 on a single fishing net, five cents per lb. on rope, four cents per lb. on nails and fifteen cents a bushel on potatoes were effected.¹ They marketed their lobster catches co-operatively, to substantially increase their returns. By intelligently cultivating scattered plots of ground they made their rocky country provide them with vegetables which were procured formerly at a premium, if at all. The Little Dover fishermen's local hit upon the idea of taking a vessel to Prince Edward Island where large supplies of vegetables could be bought at rock bottom prices and sold to the community at cost. Since the barren nature of the country precluded the keeping of cows, to provide fresh milk, goats were imported from British Columbia. This was done with the help of the provincial and federal government authorities.

The story of Havre Boucher is another instance of the benefits derived by fishermen through sanely directed action. At the end of the 1931 fishing season about fifty fishermen of the village decided to form a local and to join up with the Central organization of the U.M.F. As the field secretary said, " These fishermen were poor and often discouraged at the end of the fishing season. They had to pay high prices for supplies and were

1. How St.F.X. Educates for Action; p.17.

obliged to accept whatever the private packers and fish peddlers wished to give them for their lobsters. As one of the fishermen expressed it: ' We are getting the skimmed milk, while the packer takes the cream.' "

About this time the Extension Department of St. F.X. was establishing study clubs throughout the district. The fishermen became actively engaged in the educational program. They studied how to set up a lobster factory to be owned, operated and controlled by the fishermen themselves, how to buy their own supplies co-operatively and how to market the product to their best advantage. As an Extension officer bluntly expressed it, " The fishermen often marvelled at their own dumbness in not having given thought to these things a quarter of a century sooner."

In the autumn of 1931 the group decided to build a lobster factory in the face of sturdy and persistent opposition. Many outsiders shook their heads doubtingly. The fishermen hadn't a dollar. They had no lumber. It would require \$ 1200 to build an adequate structure. Nothing daunted, these men went out on a Monday morning with their axes, cut down the trees and had them sawn. At the end of the week the necessary lumber was ready for the builders at the factory site. There still remained glass, nails, window and door frames and shingles to be bought--a serious problem. But here the women of the community came in. By means of suppers, card-parties and entertainments they raised \$ 400, and the building was finally completed. To equip the factory with steam-boiler, steam-engine, retort, etc., \$ 2,500 was needed. This was obtained on loan from the parish wardens at 3% to be paid off in two years, after the banks had refused them credit.

At the end of the 1932 season the fishermen received a higher price than that paid by other packers and, besides, paid off the entire debt on the plant. In fact, the profit over the price ordinarily paid by independent packers was \$ 5,000. To-day the membership of the local has grown from 45 to 75--100% of the lobster fishermen in the district. About \$ 15,000 have been paid in wages to local men and women. Formerly outsiders were brought in by the packers to do this work. Indeed the packers had even attempted to bring in the fishermen and to equip them.¹

In one season, 1935, the Havre Boucher local canned 1130 cases of lobsters which yielded in September a bonus of \$ 5,000 after paying the regular price that the trade offered. They marketed 58,000 pounds of lobsters on the shell in Boston, and Gloucester for which they received an average price of 20c per pound. Since the packers at that time were paying only from 7 to 10c a pound, calculating on the basis of 10c a pound on the 58,000 pounds, the fishermen received \$ 5,800 extra or an actual bonus of \$ 10,800 for the season.²

The following is a conservative estimate of the bonuses which accrued to the fishermen to date, calculated only on profits over the price paid by packers:³

1932.....	\$ 5000	1935.....	\$ 11000
1933.....	6350	1936.....	5000
1934.....	5450	1937.....	4200
		Total.....	\$ 37000

In the fresh fish industry similar experiences may be recounted. The salmon fishermen of Arisaig, Nova Scotia, learned about the profits made by salmon fishermen of Margaree, Cape Breton, 1,2. Extension Bulletin, Nov. 8, 1935: p.5.
3. Information furnished by Rev. J. Boyle, Ext. Dept.

by getting together and shipping their catch direct to the United States. This information aroused their interest. They immediately set out to learn all they could of market conditions, prices, methods of shipping, etc. In time a trial shipment was made. This shipment yielded an income of 10c per lb. more than they had been receiving locally for their fish. Prices rose during the season till they were finally 21c above what they were at the season's opening. That year a total of 6000 lbs. were shipped.

Two years later with twelve fishermen in the group, a truck was bought. These men also rented a building and procured ice so as to pack their own fish. They disposed of 36,000 lbs. of fish this year at an average advance of 6 cents per lb. over prices paid locally,--this after paying salaries to a manager and truck driver, and other expenses.

At the opening of the next season the group grew to 25 members, covering a coast line of 55 miles. The fish was collected and shipped daily to Halifax, Montreal, Toronto, Boston and New York. In all 184,000 lbs. of fish were shipped at a bonus of 5.62 cents per lb. over local markets after all expenses had been paid off.

The next step was the organizing of the group into the Antigonish Salmon Producers, Ltd. They bought an ice-house and equipped it for fish packing at a cost of \$ 1200. Although the catch this year was below normal,--154,000 lbs., nevertheless half of the capital expenditure was paid off, the usual expenses and salary costs were met, and the fishermen still received 1.3 cents per lb. more than could be obtained locally. The membership of the company increased 40%, a five acre pond was bought to ensure

ensure a supply of ice, and all the tools and machinery necessary to store 5000 tons of ice per season were installed. Encouraged by the success of their salmon marketing the members went into the lobster packing business as the Northumberland Co-operative Packers, Ltd. to serve the lobster fishermen of a large area.¹

The above stories are but typical. Each year witnesses more and more fishermen getting into business for themselves. At the end of 1932 there were but three lobster factories serving nine communities.² The next year there were eight factories serving 27 communities. In 1934 12 factories located at Arisaig, Havre Boucher, Larry's River, Port Felix, Little Dover, Judique, Grand Etang, Cheticamp Point, Cheticamp, Petit de Grat, Little Bras d'Or and Ingonish South served fifty communities.³ At the end of 1935 there were 14 factories serving 60 communities. To-day there are 16 factories in eastern Nova Scotia.⁴ These can the small lobsters and ship the large or market lobsters to the Boston and Portland markets. Much of the canned lobsters are now being sold to the English co-operatives. Over a million pounds of lobster per year are packed.⁵ There are co-operative fish plants at Little Bras d'Or, South Ingonish, Petit de Grat, Dover, Glace Bay and Arisaig. In all their sales amounted to \$ 250,000 in 1937.⁶

The fishermen's stations organize under the Fishermen's Federation Act which was passed on the eleventh of March, 1927. According to this Act:

1. St. F.X. Extension Bulletin, May 2, 1934: pp. 1, 2.
2. How St. F.X. Educates for Action : p. 51.
3. St. F.X. Extension files: Report, 1934.
4. Consumers' Co-operation Magazine; Nov., 1937, p. 164.
- 5, 6. St. F.X. Extension files: Jan. 1938.

"Where not less than fifteen persons, actually engaged in the occupation of fishing, signify their intention of forming a station with the objects specified in this Act by signing a declaration in the form in the schedule of this Act, a certificate of incorporation may be issued by the Registrar of Joint Stock Companies to such persons, and they and such other fishermen as may become members thereof, shall thereupon become a body corporate under the name of Station No.--- Fishermen's Federation of Nova Scotia."¹

The objects of the stations and federations are:

- (a) To procure information respecting the latest improvements in boats and fishing gear of all kinds, methods of curing and preparing fish for markets, and the transportation and marketing of fish and fish products.
- (b) To co-operate in the matter of purchases of fish, fish supplies and accessories and in the canning, curing, storage, preservation, selling, marketing and export of fish.
- (c) Mutual communication between the stations of such information.
- (d) To take action upon matters arising in respect to the fisheries and to make representations and furnish information to the proper authorities.
- (e) Generally to improve and elevate the material, intellectual, and social welfare and standing of the members.²

Each station may acquire and hold real estate not exceeding five thousand dollars, and may sell, mortgage, lease or otherwise dispose of the same. As much of this property as is used exclusi-

1. N.S. Fishermen's Federation Act, sect. 2.

2. Ibid., sect. 3.

vely for the purposes of the station shall be exempt from taxation.¹

The following account is a description of a typical lobster cannery, in this instance the Port Felix Co-operative Lobster Packers' factory:²

" Here the fishermen control everything. They appoint a manager, a staff of workers, and purchase all necessary machinery. Every man brings his lobsters to the station; the lobsters are weighed and a receipt is given. These he keeps to the end of the season. The price paid is the current price offered by other packers on the coast. Some lobsters are shipped alive to Boston. The rest are cooked and packed in lacquered tins of various sizes, for the English market. All meat is kept scrupulously clean. A notice, plain for all to see, reads, " All persons handling lobster meat must wash their hands at least every hour." Each can is labelled with the private seal of the Co-operative Packers of Port Felix. The fishermen are all interested in the markets, are ambitious to keep all cans up to the highest quality, and show the result in their character. When the produce is marketed and the cheques come in to the treasurer, the books are completed, all overhead is properly charged up and paid, then the surplus amount, whatever it is, is shared among the fishermen according to their catch of lobsters, in addition to the current price paid a few months earlier. The men place a portion of this together and buy a vesselload of potatoes,

1. N.S. Fishermen's Federation Act; section 5.

2. St. John's ~~Nfld.~~ Telegraph, Apr. 14, 1936

turnips and other vegetables, or bags of flour at wholesale prices. One can easily see what a saving this means to the man with a large family."

Similarly at Judique, Cape Breton we are told of the lobster factory: " The building was freshly painted. Everything looked well kept. The lobster traps were in regular piles. Every Co-operative member had his own pile with his lobster buoys painted with his own distinguishing mark. There are forty members.

" Inside everything was extraordinarily neat and clean. We went from the receiving room, where we saw the vats where the lobsters were boiled, through fresh, light, clean, painted rooms where the meat was handled, to the room where the crates stood ready for shipping. Everything was so clean there was not even the smell of fish!"¹

The United Maritime Fishermen's Association.

The United Maritime Fishermen's union is closely associated with the St. F.X. movement. This union was organized on the recommendation of the 1927 Royal Commission on the Fisheries of the Maritime Provinces and the Magdalen Islands. And one of the impelling reasons for the setting up of this commission was the educational work of Dr. Tompkins among the fishing folk. The fishermen were so bestirred that, " they became articulate. Their voices began to be heard throughout the country, not always with grammatical excellence, but always with force. Their letters appeared in the press. Their demands on their political representatives became sharp and were filled with a new independence. They ceased to beg a job on the roads or on the construction of wharves and breakwaters, and began to

1. Consumers' Co-operative Magazine, Nov., 1937; p.165.

"demand justice--and they knew what they wanted.

" And their demands were listened to. Such/^astartling reversal of ~~form~~ had quick effect, and the federal government in 1927 appointed a Royal Commission to investigate their claims."¹

The Royal Commission advocated the founding among the fishermen of co-operative societies, through which they could market their produce and buy their supplies. To complement this proposal, the need of an experienced organizer was recognized. After carefully examining the field of selection, in September, 1929, Dr. McM. Coady of St. Francis Xavier University was appointed by the Civil Service Commission as Promoter of Fishermen's Organization.

Dr. Coady began his work immediately on his appointment. He visited fishing communities in all parts of the Maritimes, holding meetings and forming local fishermen's associations. Then in June, 1930, a convention of delegates from the various locals took place at Halifax and formed the United Maritime Fishermen's Association.

The objects of this Association, as set out in the constitution, are,²

" to further the interests of fishermen in all branches of the industry:

(i) by circulating information among the fishermen which will enable them to carry on their work more efficiently and consequently derive greater remuneration from their efforts.

(ii) by encouraging the study of co-operative principles and by promoting co-operative activities.

(iii) by seeking and supporting legislation calculated to

(iv) by protecting the rights and interests of its members.

The member "local" associations or groups must have at least 15 members. They are assessed for per capita tax at the rate of two dollars per member per annum. Each year an Annual Convention of delegates of locals is held during the last two weeks of October.

Although the Association of the United Maritime Fishermen is entirely independent of the Department of Fisheries, it was realized that if it was to carry out the purposes in view, it would need some financial assistance in its early years. Consequently, in the Parliamentary Estimates of 1931-32 an appropriation of \$ 5,000 was provided for this purpose. Reductions have been made since in this assistance, until for the past year, 1937, it was \$ 3,000.¹

Some idea of the volume of business handled by the central office of the Association may be had from an examination of the annual reports of the secretary. For the purpose of comparison a review of the reports for the last two years will prove interesting.

On October 21, 1936, the seventh annual convention was held at Amherst, N.S. The secretary reported that from October 1, 1935, to September 30, 1936, there was carried out marketing transactions amounting to \$ 111,856.00. In order to arrive at the total amount of business transacted we must add such incidental expenditures as freight, cartage, wharfage, etc., amounting to \$ 3,422.00, insurance premiums \$ 611.00, and various smaller items amounting to \$ 153.00. The sum total was \$ 124,404 as compared with approximately \$ 78,000 for the preceding twelve months, and represented an

1. Information furnished by Rev. J. Boyle, St. F.X. Exten. Dept.

increase of 60%. The increase in membership fees over the previous year indicated 185 new paid-up members or an improvement of slightly over 20% for the twelve months.¹

According to the 1937 report, marketing transactions amounted to \$ 148,041.28 for the year. Purchases of rope, twine, and other fisheries supplies for the locals amounted to \$ 9,799.01. Adding in such expenditures as freight, cartage and wharfage, \$ 6,506.93, insurance \$ 744.22 and also the resultant surplus for the year, \$ 2,929.23, the sum total was \$ 168,020.67, representing an increase of \$ 43,616.67 or 35% over the previous year, and an increase of 95% over the past two years. Patronage rebates on rope and twine purchased co-operatively during the year amounted to \$ 700.99, despite the fact that they were sold to the fishermen for considerably less than market prices. The membership fees for the year amounted to \$ 2,684.50, an increase of 25% over the previous year, and indicating 272 more paid-up members.²

The figures cited above do not give a complete picture of the total amount of business done by the association as a whole. The central secretary points out that the total volume of business transacted would be very many times greater than the business handled by the Central Office.

For example, very important marketing operations, especially in the live lobster industry, are carried out directly by Regional Associations of the U.M.F. In such cases all the U.M.F. locals in a certain county of Nova Scotia appoint a committee to supervise operations of the Associations. This committee may provide for

1. Report of Central Secretary, St. F.X. Ext. files; Oct., 1936.

2. Report of Central Secretary, Extension Bulletin, Nov. 19, 1937, p. 2.

for water transportation over which it will have full control, and also takes care of sales and the distribution of returns.

An extract from the report of the fishing community of L'Ardoise, Nova Scotia, given at the Rural and Industrial Conference of 1935 will serve to illustrate the material returns accruing to the fishermen through the efforts of the U.M.F. :

" In 1933 our fishermen sold their catch of spring mackerel, about 4500 barrels, for \$ 3.40, while it cost \$ 4.25 to produce them. In 1934, when the time came to market our catch of some 2800 barrels the price offered by local dealers was \$ 4.50. We then decided to undertake shipping direct to the West Indies, and through the U.M.F., whose secretary had got in touch with markets down there, our first shipment left Halifax on or about August 19th. As soon as this occurred the price started advancing, and by December we received \$ 8.40, ex store for our fish. Our shipments only amounted to slightly over 400 barrels, as the price paid locally by the end of the season was as good as, if not better than, the price we could obtain in the West Indies. There is not a doubt in the minds of any of our fishermen, but that this result was due to our shipping. The price received is known to be the highest paid any place for the same product.

" On the buying side we purchased through the U.M.F. 2800 pounds of rope. This was shipped direct from England to our members and cost us $11\frac{1}{2}$ cents a pound. Local dealers' price was 18 cents to 20 cents, and this has been the lowest price paid for many years, as effort was made to get down as near as possible to the co-operative price. We purchased 50 nets

" at a cost of \$ 7.50, while dealers sold them for \$ 10. We also purchased 1000 bags of salt at a cost of 75 cents delivered, while non-members had to pay \$ 1.07 per bag."

Besides benefitting its members, the association has attained a position of influence through which it " lays claim to recognition for promoting important reforms and pioneering improved methods of marketing that have directly or indirectly added thousands of dollars to the earnings of fishermen both within and without the association. It has made recommendations to Federal and Provincial Governments with regard to matters of vital importance to the fishing industry and thus wielded a very considerable influence for the economic and social betterment of all fishermen."¹

1. U.M.F. Directors' Report, October, 1936.

Chapter eight.

Co-operation Among the Farmers.

The farming problems of Nova Scotia, particularly eastern Nova Scotia, have constituted for years a serious blight on the economic, and hence, the social well-being of a substantial part of the population. The exodus of so many people, especially of the young and enterprising, to the United States, to other parts of Canada, and to the rising industrial areas of Nova Scotia has already been referred to. The consequent abandonment of farms and the decline in agriculture which set in became accentuated as most of those who did remain on the farm resigned themselves to production for family necessity and failed to study how they might derive profitable returns from agriculture by organized and progressive endeavour. For many years there have been imported into the province agricultural products that could have been produced at home. For instance, the Report of the Agricultural Inquiry Committee to the Nova Scotia Government stated that \$ 12,000,000 worth of agricultural products were imported into the province in the year 1926.¹

A consideration of the situation in the country contiguous to the industrial Sydney area reveals the character and extent of the agricultural decline which the Extension workers are endeavouring to educate the people to remedy.

The Sydney market is made up of about nine towns dependent upon the steel and coal industries, all within a radius of 16 miles, and having a total population of over 75,000 people. The largest centres are Sydney, with a population of 23,000, and Glace Bay, 15 miles distant, with a population of 21,000. The coal and steel

1. Report of N.S. Agricultural Inquiry Committee, 1926: p.13

industries provide employment for about 20,000 men throughout the year, while the annual business done in mining alone amounts to about \$ 50,000,000 on the average.¹ It is estimated that the combined salaries of the working population of the area total about ten million dollars. yearly.²

It is important to keep in mind that much of the population of the industrial towns was gained at the expense of the countryside. A brief examination of the shift in population over the last fifty years will serve to show how great was the loss of population to the country districts.

Victoria county is typical of the farming area. Census figures from 1881 to 1931 indicate that there was virtually no change in population during the decade 1881 to 1891. The population was 12,470 in 1881 and 12,432 in 1891. Between 1891 and 1901 there was a decrease of almost 15%, to 10,571. By 1911 the population was 9,910; 1921, 8,814; and at the last census of 1931 it had fallen to 8,009. The decrease for the fifty year period was thus nearly 36%.³

Similarly, the decrease in Richmond County during the same period was from 15,121 to 11,098 or 26.6%, and in Inverness County 13,515 to 8,978 or 33.5%. In Cape Breton county the total population of 34,244 in 1891 was made up of 31,817 rural and 2,427 urban. In 1931 the population ^{was} 88,106 with 18,841 urban and 69,265 rural.⁴ For the whole island the population in 1871 was 1871, practically all rural, while the most recent census gives the present population was 128,268 of which about 47,000 may be classed as rural.⁵

1. A. D. Rankin, Analysis of Population and Marketing of Agricultural Produce of Cape Breton Island; p.1.

2. Ibid., p.2.

3,4. Census of Canada, 1881-1931, vol.1.

5. Rankin, op. cit., p.11.

While the loss of people from the country to the towns resulted in undermanned and abandoned farms, on the other hand the increasing industrial population built up a market for agricultural products that the local farmers could have benefitted handsomely from ^{they} had/set out to supply it in an efficient and intelligent manner. Yet, for years farming in eastern Nova Scotia was condemned on the score that "there are no markets." In 1925, however, the Provincial Department of Agriculture studied the situation and announced that the total amount of foodstuffs required over and above that produced in Nova Scotia was,¹

Meats	23,000,000 lbs.	Cheese	710,000 lbs.
Eggs	155,000 cases	Vegetables (canned)	24,500 cases.
Butter	2,730,713 lbs.	Condensed Milk	7,386 cases.
Beans	1,250,000 lbs.		

It is not contended that the local farmers could provide for all these needs. It would not be economically sound in every case. For instance, potatoes cannot be provided as economically in Cape Breton as in parts of New Brunswick or Prince Edward Island. But Cape Breton growers have such advantages as proximity to the market and lower transportation costs, and yet in times when the close of navigation has shut off the market to Prince Edward Island vessels, Ontario dealers have sold potatoes in the Sydney market, despite the handicap of shipping costs.² Why has it happened that local farmers have lost a market right at their doors to outside dealers? The St. F.X. Extension Department has examined this situation and gives some of the reasons as follows:³

1. St. F.X. Ext. Dept., Eastern Markets for Eastern Farmers; p.1.

2. Rankin, op. cit., p.28.

3. Eastern Markets, pp.1,2.

"1. There was no connexion in the form of marketing organizations between the men in the Sydney produce trade and the producer in the country. The individual farmer had to depend solely on himself for the marketing of the small amount of goods he produced, and in these days of Big Business the small offering of an individual is not considered in a real way. Distributors of foodstuffs in urban centres think only in terms of carloads, quality goods, Government Grades, prompt delivery, and hence are not particularly attracted by the contribution of small producers. In view of this, farmers working alone in eastern Nova Scotia have found it difficult, in fact, impossible to dispose of any extra produce that they raised.

2. One thing must be recognized before the products of the farm can be sold, and that is that these products must be placed on the market graded and of good quality. Stale eggs, mixed lots of diseased potatoes, unfinished poultry, poorly packed berries, coarse vegetables, are not wanted by city consumers. In the main, farmers have not offered quality articles to the trade and this accounts for the difficulty experienced in disposing of their goods during the past thirty years. The only way to control grade and quality is through assembling of goods at central depots. For example, a retailer wants eggs, say, three cases of extras. It would be difficult to find one general farmer (not a specialized poultryman) ready to supply the amount. However, if the eggs from many farms were consigned to a central selling agency it would be an easy task to grade out of the combined lot the three cases of extras. The sale would be made and the retailer prevented from using imported eggs. This principle applies to all produce.

3. Volume is essential for the successful marketing of any product. The production of one farm cannot establish a business connexion in a city and hope to retain it. The combined production of many farms must be used through a vigorous salesmanship campaign to establish selling connexions in urban centres. The individualistic tendencies and the desire on the part of the farmer to do his own business privately prevented in the past the sale of any great volume of goods on the Sydney markets. Volume is secured through pooling produce.

4. In the past, the only effort at supplying the Sydney market was made by the small individual seller who tried to peddle his stuff. Of necessity he sold for only a few months in the year, generally the period from August to November. This is the flush season and as a consequence not the time to get in on the market. For the rest of the year, our Cape Breton farmers withdrew and left the work of supplying the consumers to some one else. In other words, the Cape Breton farmer is in the marketing game for a period of about three or four months in the flush season and then leaves it to the big fellow to handle it for the other nine months. It is easy to see who would win out in this competition. It doesn't take much thought to convince one that this method will never get us anywhere, and whatever may have been the merits of this procedure in the past, the situation will be more hopeless in the future."

When the St.F.X. Extension Department initiated its field work in 1929, the facts of the above situation were put squarely before the farmers. Study clubs began to examine the problem as the Extension Department supplied them with the necessary material and direction. As a result of this study local producers' groups were

formed. Later, in the spring of 1931, the Cape Breton Island Producers' Co-operative was organized. This was made up of sixteen local clubs with membership of some five hundred individuals.

The C.B.I. Producers' Co-operative required the local clubs to collect, grade and properly tag the produce offered for sale by the farmers of the community. They arranged and paid for the transportation of the goods to Sydney. The local manager and secretary supervised the details of shipping and remitted payment to local contributors on the basis of the quality and volume of goods sold. The central selling agency was at Sydney. The Central Association undertook to provide storage facilities for the goods received from local clubs. In addition, the manager had to sell, on a 10% commission, the produce consigned to him and to remit payment to the secretaries of the local clubs. It was the responsibility of the central association to study market demands, to keep the producer informed, to develop business connections and to explore the possibilities for further expansion.

At present the C.B.I.C. is not functioning as such. The local farmers' clubs, however, still organize the production, shipping and selling of the produce of the various districts. With the number of co-operative stores increasing rapidly, it was found that the marketing of farm produce, at its present volume, could be done very well by the local clubs through these stores. However, an examination of the report of the C.B.I.C. after the first six months of operation is interesting in that it illustrates the practical problems encountered by the typical producers' organization. The report lists the accomplishments of the Association,

describes the difficulties experienced and suggests changes necessary in order to effect greater efficiency within the organization.

After operating for six months, the Association did \$ 10,000 worth of business, showing a net surplus of approximately \$ 600. During this period the executive of the Association gained much valuable experience and was able to list the following pertinent facts for the guidance of the producing community:¹

Accomplishments.

- "1. That it is impossible to carry on a business in anything like a constructive way without having stuff to sell. This calls for increased production on the part of the eastern farmer. When a selling contract is established, the retailer rightly expects that the Farmers' organization is in a position to supply his weekly, monthly or even yearly requirements. If this is not done he is loathe to start doing business with the Association but rather will continue to buy imported stuff through some other agency.
2. The Cape Breton Island Producers' Co-operative has demonstrated that home grown products can be sold to advantage. During the past six months, vegetables, berries, beats, eggs, and poultry, oysters and fish were disposed of in the Sydney market in competition with the regular dealers who have been in the game for years.
3. It was discovered that city consumers are kindly disposed to the efforts of producers in securing better marketing facilities. They see and understand that it is only reasonable and fair for the farmer to so arrange his business of selling so as to secure the largest possible portion of the price paid by the consumer. With

1. Eastern Markets for Eastern Farmers, pp. 2, 3, 4, 5, 6.

this sympathetic understanding on the part of the city dwellers, the Cape Breton Island Producers' Co-operative should find the task of establishing a central marketing agency somewhat easier.

4. The possibilities for future expansion are great. In addition to the huge volume of produce which is not taken in from other parts of Canada, there are great possibilities for the eastern farmer in many lines hitherto neglected. All sorts of manufactured and semi-manufactured products like cheese, sausages, jam, preserves, etc. With enlightened support from the producers in the country, the C.B.I.C can be developed into a strong and powerful farmer-owned-and-operated piece of marketing machinery that will eventually protect the interests of the producer.

5. Some of the best farmers in the Island of Cape Breton attended the many meetings of the Association and, through study and discussion of the difficulties involved, they see in a clear way what was lost in the past and what can be accomplished in the future through concerted effort.

Difficulties Experienced.

1. The depression, with the resulting low purchasing power of the people in the industrial area, has made it extremely difficult to sell goods at high prices. The consumers have little money in their pockets and are continually counting their pennies and looking for cheaper goods, insofar as quality and price are concerned. Consequently, price cutting and keen competition on the part of men in the trade was met with at every angle.

2. The bulk of business in farm produce is controlled by four or five large organizations, principal among these being the chain stores. These are noted for selling at low prices. To maintain

this reputation they must buy at rock bottom prices. Hence they welcome price cutting and competition among the producers of farm products for they know that through this rivalry they will be able to buy at the lowest market price. They are anxious to deal direct with the individual producer for the reason that they can bargain more closely on prices which usually result to the disadvantage of the producer. Consequently the C.B.I.C. found it difficult to establish business connexions with the bigger operators.

3. In the operating of any business it is impossible to get away from a certain fixed overhead expense. Charges for rent, sales force, equipment, office supplies, telephone service, are usually the same whether one is conducting a fifty thousand dollar business or a ten thousand dollar business. When the volume of business is great the fixed charges are spread over a large amount of sales and consequently are not a heavy burden to the individual producer. When the volume is low the proportionate cost for operating is heavy and becomes burdensome to individual shippers. To illustrate: If the total monthly sales of a produce marketing business amounted to \$ 2000.00 and the cost of rent, salaries, trucking, sales force, office supplies, etc., amounted to \$ 300.00 a commission of 15% would have to be charged to cover operating costs. On the other hand, if monthly sales amounted to \$ 5000.00 the commission required to pay for overhead expenses would be 6%. On account of limited volume of business the C.B.I.C. experienced real difficulties in its first year.

4. In the constitution and by-laws of the Association there are no provisions for the raising of the capital which is necessary for the conducting of any business. On this account, government grants and

returns from sale of produce were quickly tied up in equipment, rent and for the carrying of good customers who paid on a thirty day basis. This left the Association without funds for the making of prompt payment to individual clubs and resulted in some unfair criticism of the organization.

5. In many cases, vegetables of poor quality were shipped to the warehouse at Sydney. Very frequently storekeepers returned to the warehouse bags of potatoes, turnips, carrots, cabbage, etc., that were unfit for sale. Often the produce was so bad that it could not be marketed at all and had to be dumped into the garbage heap. Consequently, there is a great need for educational work in country districts to establish in the minds of the farmers what the standard grades of vegetables call for.

6. The unbusinesslike attitude on the part of the producer has resulted in great inconvenience to the C.B.I.C. and, in a few cases, resulted in the loss of trade. Few producers clearly understand the necessity of making prompt delivery. Frequently the manager of the Association promised to deliver goods to an important customer but was unable to do so because the farmer failed to supply the produce on the date required. In this way good customers were lost--never to return. It is impossible to proceed successfully under such conditions.

7. As was expected, some farmers within a fifteen mile radius of Sydney continued to peddle garden truck to the retailers and city consumers. On several occasions this practice resulted in flooding the market and lowering prices. Educational work must be pursued vigorously to acquaint these people with the following facts:

- (a) It is economically unsound for four or five people to be away from their farms doing the job of marketing that could be

entrusted to one man or to a central marketing organization.

(b) That large buyers will be able to maintain a low level of prices as long as they can deal with individuals. Control of 90% of the produce offered for sale by the C.B.I.C. will make for, through collective bargaining, higher average prices, and systematic orderly feeding of the Sydney markets.

(c) That direct delivery to consumers by individual growers is only limited in possibilities and cannot by any manner or means accomplish the big job of supplying all that is required to feed the men and women in industry. As soon as the foregoing is understood by local truckers, the C.B.I.C. will grow and give efficient service.

8. The manager of the C.B.I.C. encountered almost world wide competition in the selling of C.B. Island produce. Modern transportation facilities, such as refrigerator cars, heated cars, fast express trains, motor trucks, have narrowed the gap between distant producers and consumers in this country. This competition will always be present but it is by no means insurmountable. Transportation charges will always favour the home producer.

Changes Necessary.

1. Increase in the volume of business. As indicated previously, there are certain fixed overhead charges that cannot be cut down. Hence the organization must strive to carry many lines so as to take care of operating costs and leave sufficient surplus for the establishing of sound organization. Some advocate that in addition to selling farm produce, the C.B.I.C. should undertake to buy and distribute fertilizers, flour, feed, building supplies, farm machinery, and any other line that is used widely by farmers. Moreover,

it has been suggested that the C.B.I.C. should act as a Wholesale Co-operative for the purpose of supplying consumer co-operative stores in the towns as well as in the country. All these could be linked up together to form a genuine chain store system owned and controlled by the farmers. It is not unreasonable to suppose that some day such an organization will be perfected.

2. With the anticipated increased supplies coming from country points, there will naturally be times when a surplus of produce is offered which local markets cannot readily absorb. Then there arises the need for the expansion of selling activities to other markets. And here the question will be asked: "Where shall we sell once the local markets are overstocked?" It is a question that was asked by the Prince Edward Island Potato Growers before they started growing potatoes by the million bushel lots. Back in the early days, pessimists in that Province cried down the idea of large scale production on the score that it would be impossible to sell outside the Maritimes. Yet today the P.E.I. Potato Growers are shipping train loads to Western Canada, the Southern States, and to the West Indies. After successfully taking care of ^{home} production they are, through group action, placing Island potatoes on the markets of the world. By the same token, it is not unreasonable to expect an eastern Nova Scotian Marketing Association to look abroad for outlets.

3. With the expansion of business to other countries and the extending of selling activities to other lines as indicated in paragraph one, there arises the need for ample working capital. Consequently the C.B.I.C. should be capitalized as a co-operative, thereby affording managing directors with sufficient funds for

immediate and future expansion. The present type of organization is of a temporary nature, but it serves as well as can be expected for the initial work. Moreover, before a marketing organization can function freely and profitably there must be no dependence on government or other political institutions. Hence, farmers should contribute capital in small amounts per share to make their organization independent and to put it in a position to do effective work.

In order to assist the farmers in growing and marketing their produce in an improved and orderly manner, the Extension Department, in connection with the Federal Department of Agriculture and representatives of the Nova Scotia Department of Agriculture, met in Truro in January, 1933.¹

The idea behind this conference was that Cape Breton farmers should go in for the production of those commodities for which their localities were best suited. An attempt was made to divide the Island of Cape Breton into zones and to indicate what those zones were best suited for. In doing this there were considered such factors as nature of the soil, climatic conditions, proximity to market and transportation facilities.

An important result of this conference was that, "It is the consensus of experts that dairying should be the general background of all farming in eastern Nova Scotia. There is no danger in the immediate future of an over supply of dairying products. 6,000,000 lbs. of butter were imported into Nova Scotia last year." The districts that are best suited for dairying were then detailed and reference was made to a survey of the whole Cape Breton milk industry, which was being carried on at that time.

It was decided that the poultry industry had unlimited possibilities in Nova Scotia. Junior poultry clubs were recommended for various districts. In some sections it was advised that poultry raising should be made a major industry, while in others it was thought best to be taken up as a side line with dairying. Mistakes in handling poultry were pointed out and the possibilities for extensive raising of geese and turkeys in various districts were mentioned.

The natural advantage possessed by Cape Breton farmers in the production of berries was brought out, and important advice given in regard to the exploitation of the industry. The vegetable situation was similarly examined and various storage methods outlined. Recommendations were given concerning efficient merchandising.

The Extension Department is at all times active in passing on to the farmers information of the above nature. In the Extension Bulletin Dr. Hugh MacPherson conducts a Farmers' Page through the medium of which the farmers are instructed in the most efficient farming technique and its adaptation to the local countryside.

It was Dr. MacPherson who initiated one of the earliest efforts in the Maritime Provinces in co-operatively marketing livestock. The work was carried on amongst the farmers in the Antigonish district who united to sell their stock locally to the highest bidder. The idea spread and a few years later, in the autumn of 1919, had grown to the extent that farmers from the three Maritime Provinces decided to ship their stock co-operatively to Montreal and to sell in the open market. Approximately forty carloads of livestock were disposed of in this way. These farmers were pioneers. Such a venture

had never been attempted before, yet the farmers with practically no knowledge of conditions in Montreal believed that they were acting on the right principle and they decided that it would be worth the risk to test out whether this principle was correct or not.

The first season's effort in co-operative shipping their stock to the Montreal market was particularly successful. The result was that livestock shipping clubs developed rapidly from 1919 to 1927. During this time the amount of business done in this way increased from \$ 35,000 to about \$300,000.¹

Up to this time there had been no effort made to link the different local organizations together into a definite marketing agency that would centralize the marketing of livestock from the different clubs. It began to be felt that such a central association should be formed. Consequently, in the winter and spring of 1927, groups of farmers representing various shipping clubs met at Charlottetown, P.E.I., and the result was the organization of the Maritime Livestock Board. Later, at a general meeting at Moncton, N.B., representatives from the three Maritime provinces drew up a constitution and by-laws and applied for and obtained the charter of the organization. At the time the membership was made up of one hundred and twenty locals.²

In 1929 six large provincial livestock marketing agencies/hand-^{were}ling co-operative marketing for all the provinces except British Columbia. These represented some 75,000 producers and did a

1,2. J.K. King, Co-operative Marketing of Livestock in Canada, pp.3,4

business of over thirty million dollars yearly, on the average. Representatives of these six bodies met in Toronto in November, 1929, and formed the national organization known as the Canadian Livestock Co-operative Ltd. which was controlled and directed by the six provincial units. This larger institution does away with competitive selling between the different provincial bodies. It has sales agencies and representatives in every livestock market in Canada and has working arrangements with a number of American markets, as well as an arrangement with the Co-operative Wholesale Society of Great Britain, whereby the C.W.S. acts as agent for handling the Canadian Co-operative's export cattle in Great Britain.¹

In 1929 the Moncton branch of the C.L.C. began to develop buying services for its members. In this connection the work of the Extension Department in promoting this idea among the farmers within its sphere of influence is of interest, since the Department later turned its share of the task over to the C.L.C.

In the latter part of 1930 the Extension Department gave much thought to the uneconomical manner in which the farmers of eastern Nova Scotia were buying their fertilizer. Farmers gave their orders to local agents or to co-operative organizations. These, since they acted independently of one another, usually paid whatever price the firms quoted, since each required such a small volume of fertilizer. It was the opinion of the Department that the farmers were paying too much for their requirements, and in order to effect a remedy for the situation a general conference of leaders in the various localities was held at Port Hawkesbury on January 2, 1931.²

1. King, op. cit., pp. 3, 4.

2. St. F.X. files. (Extension Dept.)

The result of the conference was the forming of a Central Purchasing Committee, under the secretaryship of Mr. A. B. McDonald of the Extension Department. In order to secure reasonable prices and to ensure fair treatment, it was planned that all shipping clubs, agricultural societies, co-operative stores and such organizations would pool their orders and allow the Central Purchasing Committee to bargain with the fertilizer companies.¹

During the spring of the same year an order for 3000 tons of fertilizer was pooled, effecting a total saving of about \$20,000. Inspired by the success of this venture, later on in the same year a boatload of 2100 tons of feed and flour was brought down from Fort William, Ont. at a saving of about \$ 8500.²

In the following three years the Central Committee followed out the same procedure and in addition enabled farmers' clubs to buy co-operatively other necessities such as seeds and insecticides. Not only were large savings made for buyers, but non-members benefitted very materially as wholesalers and agents were forced to quote much fairer prices than formerly in order to protect their merchant contracts. Another result was that the farmers learned a great deal about feeding, fertilizing and seed selection through literature distributed and instruction given by their organization.

In 1934 it was felt that as the members constituting the executive of the Central Committee had been appointed without provision having been made for the length of time they should hold office, it was time now to take stock. Also it had been found that the Central Committee could not always purchase supplies at the

1,2. Report, St. F.X. Ext. Dept., 1932.

lowest prices offered by the trade. This was because 95% of the orders of individual clubs were for mixed cars. The executive explained that by means of a central distributing warehouse different lines of fertilizer could be bought at the lowest prices offered, collected at the warehouse for re-sorting, and then re-shipped to local clubs as desired. So it was decided that year to turn the work of the Central Committee over to the C.L.C. at Moncton, which now operates a warehouse service to supply flour, feed, insecticides, fungicides, fertilizer, etc., and there is an increasing demand for additional services.

Besides the more general projects for selling and buying co-operatively, the farmers' study clubs have fostered the growth of a variety of undertakings, all tending toward a higher standard of agricultural activity. A few examples will illustrate what is being done along these lines.¹

At MacKinnon's Harbour, in Cape Breton, potato production was being carried on both inefficiently and unprofitably. The farms in the district began to study local conditions in 1931. After experimenting carefully they found a seed variety which resulted in a very marked improvement in quality and production. Production was so increased that on affiliating with the Cape Breton Island Producers' Co-operative, they were able to market their crop profitably through this organization.

At Clydesdale, Antigonish County, two large groups, one adult of about twenty five members, the other junior with about fifteen members, were organized early in 1931. The Junior group in a short

1. St. F.X. Extension Dept. files.

time started a calf club, while the adults undertook a program of pasture improvement.

In the district of MacKinnon's Harbout six local groups also made a study of ^{lamb} production and marketing. By means of a study made for them by the Extension Department the causes of their unfavourable situation were discovered and analyzed. They were able to improve their stock and later formed a local unit of the Maritime Shipping Association.

The poultry industry offers a remarkable instance of the good results following from the Extension Department's educational work through the farmers' study clubs. Mention has been made already of the meeting at Truro in January of 1933 at which a plan for a marketing and producing program for eastern Nova Scotia was drawn up. One of the particular recommendations of the survey was in reference to the unlimited possibilities that existed for the development of the poultry industry. At that time the production of graded poultry in Nova Scotia was 9,000 lbs. So marked has been the development of the pool system and of group selling, along with improvement in quality, grading and packing, that during the 1937-38 season it is estimated 85,000 lbs. of graded poultry were produced in Nova Scotia² According to the list of market prices issued by the Provincial Marketing Board, Nova Scotia poultry commanded the highest prices in all Canada.³

1. Extension Bulletin, Nov. 19, 1937; p.1.

2. Ibid.

3. Extension Bulletin, Jan. 21, 1938; p.7.

Chapter nine.

Other Co-operative Activities.

Buying Clubs.

The character of the employment and the locale of the individual motivate his co-operative interests on the basis of his occupational category. But, like the credit union, the co-operative store, serving the people in their common capacity of consumers, is a consociating factor in the movement. Hence, next to the credit unions, buying clubs and co-operative stores constitute the most commonly applied form of co-operative action.

Buying clubs are formed as a preliminary step toward the establishment of the co-operative store. The buying club, in itself, is a very limited medium of co-operation, and only of importance in view of its relation to the subsequent development of more extensive distributing facilities.

The membership of the buying club is usually made up of a group of friends and neighbours, with the circle widening as more people become interested. In soliciting members, the Extension Department warns against overstressing possible savings through purchases.¹ Since experience in many countries has shown that a well established movement yields material ^{returns} /sufficient to enlist the participation of many people attracted by such savings, it is pointed out that care should be taken to have as the nucleus of the club people possessing a whole-souled vision of the Co-operative Movement. It should be made clear, for instance, that a buying club is a first step on the part of the people toward consumer control. Only by doing this will the success of the pioneering effort be assured.

1. Co-operative Buying Clubs, St. F.X. Ext. Dept.

In the buying club the selection of competent officers is of the greatest importance. These officers must be self-sacrificing, for their duties far outweigh their prestige. The offer of an office in this case is tantamount to a challenge. These men should be possessed of the business ability that will enable them to bargain successfully in the open market. They must be able to judge quality, to detect adulteration and defects, and generally to guarantee that the best interests of the consumer will be protected in dealings with experienced vendors of goods.

In order to arrange buying operations most efficiently, a survey of the needs of club members is made. This is done by means of inventory sheets which are filled in by the members and which list the monthly consumption of staple goods and services together with their cost. In this way complete information is obtained as to the extent to which the members wish to co-operate, and an insight into price variations is obtained. The inventory is now carefully gone over and the needs of the group noted, together with their sources and the prices paid for them. In this way it is decided what commodities the club should select for its initial purchase.

The first arrangements for buying are often made with regular retailing and service channels. By concentrating the earlier purchases at the store of a particular merchant, for example, a special discount may be obtained. Often such purchases by the newly formed clubs are made through a co-operative store already established. The central store of the Sydney Co-operative Society has acted in this intermediary capacity for buying clubs and smaller co-operative stores in country districts. As the club acquires

more experience, and as its membership grows, contacts are established with wholesalers and producers. When the volume of purchases begins to increase, the question of storage becomes an important consideration. For this reason goods of a non-perishable character are usually handled in the beginning.

Co-operative Stores.

Previous to 1935 there was no statutory provision under which co-operative stores could be organized in Nova Scotia. The British Canadian Co-operative Society of Sydney Mines was incorporated under a charter of its own, put through the Provincial Legislature in 1906 and amended in 1918.¹ The Co-operative Association Act, passed in May, 1935, not only applied to co-operative stores, but according to section four of the Act provides that:²

"Any co-operative association may be incorporated under the Nova Scotia Companies Act and this Act shall apply to such association--

- (a) If its Memorandum of Association is subscribed by not less than five persons;
- (b) If each subscriber is a resident of the Province of Nova Scotia and the Registrar of Joint Companies is furnished with evidence thereof to his satisfaction; and
- (c) if its objects as set forth in its Memorandum of Association are solely as follows:
 - (1) To buy, sell, barter, take on consignment, pack, process, manufacture, dry, preserve, can, store, harvest, handle, utilize or deal in livestock and livestock produce, eggs, poultry, seeds, feeds, fertilizer, and all kinds of farm and forest products, fish and all products of the sea, and all manner of merchandise and all material apparatus, implements, merchandise or supplies necessary for producing, packing, processing, manufacturing, marketing, or transporting such goods and merchandise.
 - (2) To buy, sell, lease, erect, improve, manage, or operate stores, warehouses, wharves, canneries, plants, storehouses, and other buildings and structures, incidental or conducive to the purposes of the association, and to carry on the business of processors, manufacturers, storekeepers or warehousemen in connection therewith.
 - (3) To secure the best market for the sale of property of its members and to arrange for the transportation of such property."

2. N. S. Co-operative Associations Act, section 4.

1. History of British Canadian Soc., p. 36.

- "(4) To become a member or shareholder by original subscription or otherwise, or a director or other officer of any other company which is or may be incorporated under The Nova Scotia Companies Act and which provides in its Memorandum of Association that each of its members or shareholders must be an association under The Nova Scotia Companies Act and one which this Act applies to.
 (5) To do all such other things as are incidental or conducive to the attainment of the above objects."

The Act further states that,¹

" Every co-operative association for the purpose of establishing a reserve fund shall set aside a fund of not less than five per cent of the amount of its net profits to be called a "Reserve Fund", which shall be kept liquid and intact in trustee funds."

While the articles of association of individual associations may differ slightly in their provisions, the following specimen articles issued by the Nova Scotia Government are usually adhered to:²

No member may hold at any time more than one tenth of the total shares comprising the capital stock of the association. These shares are usually sold for five dollars each. Besides the capital shares, members may invest in loan shares in units of five dollars each. The rate of interest on the loan shares cannot exceed 5% per annum. Capital shares cannot be withdrawn except on the dissolution of the association. A retiring member is entitled to repayment of the amount he has invested in loan shares, within three months of receipt of notice by the Association of his intention to retire. The Board of Directors, however, is empowered to suspend such payment for a period not exceeding twelve months if it judges that the financial condition of the Association necessitates this action. Should the retiring member be dissatisfied with the decision of the Board, he has the right of appeal to the annual meeting of the members, or to a special meeting called for that purpose.

In apportioning the surplus the specimen articles state that:¹

"The net surplus of the association, after setting aside a sum not less than five per cent for a reserve as provided under section seven of the Co-operative Associations Act, and a sum not more than five per cent for an educational or welfare fund and providing for the payment of interest not exceeding five per cent on the paid up shares of the association, shall be divided among the shareholders of the association in proportion to the volume of business transacted by each with the association. At the discretion of the board of directors a patronage dividend not exceeding one-half of the rate paid to members may be paid to such non-member customers as are acceptable to the board of directors as members. Such a dividend shall, however, not be paid in cash but carried to the credit of each such non-shareholder in the books of the association until sufficient has accumulated to pay in full for one share in the association when the amount so held shall be applied in payment thereof and a share shall be allotted to him accordingly. All patronage dividends due to a shareholder may, at the discretion of the board of directors, be placed to his credit on share capital account until the unpaid balance on all shares held by him is fully paid up. The Association may on the recommendation of the Board of Directors pay a lesser rate of patronage dividend on, or exclude altogether from participation therein, commodities the net revenue derived from which does not, in its judgment, justify the payment thereon of the ordinary rate of patronage dividend."

The Sydney Co-operative Society.

The plan to form the Sydney society originated with a small group of seven co-operators. They met in an old barn which had been made over by the Dominion Steel Company as a meeting place for its employees. Each week these men came together with a small number of followers and strove earnestly to attract the interest of a wider circle. Placards and notices were posted and four thousand mimeographed pamphlets were distributed, but the early results were discouraging.

The weekly meetings were held under very trying circumstances. To begin with, some of the group worked on the day shift, from seven a.m. to three p.m., others from three to eleven, and still others at night. For this reason the seven leaders could meet with each

1. Specimen Articles of Assoc.; N.S. Dept. of Agric. (Art. 31.)

group only once every three weeks.

After the weekly meetings had gone on for a considerable while, with no better result than endless but fruitless discussion, it was finally decided that since the people could not be interested in coming to the study club meetings, the co-operators would have to go to the people.

Preparatory to following the above procedure, a questionnaire was made out and circulated among two thousand men, mostly steel workers. The following questions were listed:

1. Are you in favour of a properly conducted consumers' society operated on the Rochdale plan ?
2. Would you give such a store all your grocery trade?
3. Would you be willing to subscribe to its share capital, conveniently in \$ 5.00 units ?
4. Do you wish to learn more about the Rochdale Plan ?

At this time these men were trying hard to formulate schemes by which they might publicize their aims. They were on the verge of borrowing funds for this purpose when, to their good fortune, the local press carried a series of illustrated articles by Bertram Fowler on Consumers' Co-operation, thereby placing their ideas before the entire community.

In the meantime the answers to the questionnaire began to come in. Of the two thousand circulated, only about two hundred were returned. But this was considered sufficiently encouraging and the group set out to interview the prospective members.

In conducting the interviews the plans were well laid. Only those who knew their subject thoroughly and who possessed real enthusiasm for the project were designated for this work. It was

further decided that the interviewers must go out in pairs. The co-operators also enlisted the aid of their womenfolk in helping them promote their scheme.

Although the result of the canvassing campaign showed about one hundred and seventy-five people to be willing to support a co-operative store, yet the leaders refrained from starting in business. They wanted to be sure that they understood their project from all angles and that they would be equipped to overcome any possible difficulty that might arise once they were under way.

In February of 1936 it was learned that the secretary of the Co-operative Union of Canada would lecture at the Extension Course School at Antigonish. The Sydney co-operators immediately arranged to have him speak at a public meeting at Sydney.

Previous to the meeting he discussed the matter of opening the store with the leaders. He stressed the need for cautious action and pointed out the obstacles they must expect to meet up with. On the whole, he did not appear to give the group much encouragement. However, when the meeting was held with an overflow attendance, in spite of a very disagreeable weather, the Canadian secretary was so impressed by the understanding and enthusiasm of the people for the undertaking that he advised them to go right ahead.

The group now undertook their work with renewed zeal. Interest in study clubs was heightened and attendance showed a marked increase. Members of the Extension Department staff were brought in to address the meetings, as well as men who already had experience in running co-operative businesses. From May to August of that year the soliciting committee once again went to work. Approximately five

hundred families were visited. During this campaign they interviewed both the husband and the wife of the interested families on three occasions so as to ensure that they were well informed and prepared to support the project unstintingly.

The leaders at last felt that they were ready to begin operations. But two more obstacles had to be overcome. They lacked a capable manager, and as yet had not been able to obtain suitable premises. After further delay they were fortunate in obtaining the services of an able young man who had had considerable experience working for a chain store system. His previous employment had been as district supervisor of a chain of grocerias, but for some time he had been studying the principles of co-operation and was impressed by the possibilities of the idea for rendering real service to the consumer.

In the Ashby district, geographically the centre of the city of Sydney, the manager was able to rent a store of rather poor appearance at a very reasonable rent. The co-operators, working together day and night, soon converted the building into an up-to-date establishment. The manager then made a trip to Halifax and at a bankrupt sale obtained 90% of the equipment at a saving of about \$1300.

On August 6, 1936, the Sydney Co-operative Society finally opened for business with a membership of 157. The store had a staff of five employees, including the manager and the driver of a horse-drawn delivery truck. The first week's business amounted to \$ 948, much of which consisted of grocery orders that had been saved up for days in anticipation of the opening. However, in two months the membership grew by 64 and the weekly sales to about \$ 1300. The figures showed a steady increase. By December, 1936, the weekly

sales amounted to \$ 1650; April, 1937, to \$ 1850 ; and by July had reached \$ 2000.¹

At this time the Ashby store was so busy that it was decided to open a branch at Whitney Pier. This was done only after much discussion, as the members were somewhat apprehensive as to the effect such a step would have upon the stability of the central store.

A comparison of the figures for the business done by the two stores shows how little the central store was affected by the new branch, as its volume of sales grew in a few months to surpass the weekly figures at the time the new store was opened:²

Week ending	Central Store	Whitney Pier Store
Aug. 11, 1937	\$2200	----
Aug. 18	New Store opened.	
Aug. 25	1923	\$558
Sept. 29	1936	644
Oct. 27	2073	724
Nov. 24	2070	881
Dec. 22	2654	800

During the Christmas week of 1937 the Central store did a business of close to \$ 5000. With the rapid increase in the business at the central store, the executive is already making plans for opening a new store in the up-town section of Sydney. It is felt that the peak of efficiency for the Ashby store will be reached when a weekly business of \$ 3000 is done. The staff has increased from its original five to fifteen members. The membership of the Society has grown from 157 to 476 (Feb. 9, 1938).³

For the three six months terms that the Society has done business the turnover has been respectively, \$ 36,980.75; \$ 52,449.33 and \$ 74,793.54. In these periods the savings made were \$2,227.71; \$ 3,609.35 and \$ 4,522.15. The purchase dividends have been steadily at about six per cent since the business started.

1, 2, 3. Reports on file, Sydney Co-operative Society.

The following detailed loss and gain account is taken from the balance sheet of the Society submitted to the third semi-annual meeting of the members, held on March 21, 1938. The account covers the six-months period to Feb. 9, 1938. It is interesting to know that the total amount collected in the form of cash as capital for this business has not exceeded \$ 6,000.¹

Sales		\$74793.54	
Cost	\$59092.78		79.0%
Wages	5235.11		7.0
Delivery Exp.	1844.56		2.5
Gen. Exp.	3390.62		4.5
Reserves	708.32	70271.39	.9
Gain		<u>4522.15</u>	<u>6.1</u>

The Sydney Co-operative Society's treatment of its employees is in keeping with the principles of justice that are fundamental to true co-operative ideals. A member of the staff who received as low as \$ 12 weekly has received increases to \$ 22, then to \$ 24, and latterly to \$ 26; another from \$ 13 to \$ 18 and then to \$25, and so on. In addition, the co-operative's hours are shorter than those of local chain store systems and the employees feel that their treatment is generally more satisfactory than formerly.²

One of the real difficulties facing the Sydney Co-operators was the question of credit. Rochdale principles call for business done on a strictly cash basis, but in an industrial area where the men are paid weekly or fort-nightly, and are accustomed to receiving credit, this matter presents a real problem. The Sydney Society overcame this difficulty by means of a plan which they feel goes the credit system one better.

1. Sydney Co-operative Society; Report on file.

2. Extension Bulletin, Dec. 3, 1937; p. 3.

According to the by-laws of the Society, membership is obtained by paying \$ 1 entrance fee and five dollars for one share of capital stock. In addition, each member must invest in loan units of \$ 5 each the minimum sum of \$ 25 to finance the business operations of the society. The maximum number of \$ 5 units held by any one member, however, cannot exceed 100. The money invested in loan units is paid such a rate of interest as the members decide upon in general meetings, this rate not to exceed 5% per annum. It is this \$ 25 loan capital which serves as security for the Society against possible bad accounts. With the average customer being paid every week, his purchases are well within this limit and the store is able to allow its regular patrons to purchase on account.

Another matter which the executive of this store handled in a unique way was the delivery system. It was realized how unnecessary and expensive are the demands of many customers for delivery service. The members saw that if the housewives could be trained to send in their orders thoughtfully, they would eliminate much ⁱⁿ⁻ ~~ef-~~iciency on this score. So they decided to charge themselves 10 ^{extra} cents for each/trip that the delivery truck made to their doors each day. In this way those who sent in their orders carelessly would pay for the extra service entailed, although the delivery fee is marked up to the credit of the organization as a whole.

The British Canadian Co-operative Society.

The British Canadian Co-operative Society Ltd. of Sydney Mines is not specifically a unit in the St. F.X. Movement. It is one of the oldest and most successful co-operative undertakings on the North American continent. The story of its development over a space

of more than thirty years is a remarkable one. The study of the history of this establishment served as an instructive example and inspiration for the study groups in eastern Nova Scotia who undertook to set up co-operative enterprises of their own.

In the early 1900's when the industrial development of the Sydney area was in its boom stages, many Scottish and English families emigrated thither from the mining centres of Great Britain. These people, coming from places where co-operation was commonplace, were not long in taking steps toward starting a co-operative society in the country of their adoption. Under the sponsorship of a fraternal society, "The Sons of the British Isles," the British Canadian Co-operative Society came into existence in May, 1906, and opened for business with thirty-two members on July 6, 1906.

The first day's business amounted to \$ 46.75 and for the first quarter was \$ 2965.84. Only groceries were handled at the start, but early in 1907 the Society undertook to introduce dry goods and fresh meats departments. The latter was soon closed out. New and larger premises were bought as steady progress was made and the membership was 92 by the end of this year.

In November of 1909 the Society became a member of the Co-operative Union of Canada, this Union having been founded in March of the same year. By this time the membership was over 200. The Society also became a member of the Co-operative Society of England and began to purchase certain supplies from the C.W.S. The cause instigating this move was an attempt made to purchase directly, commodities which were manufactured in England. The English firm informed the Society that the goods must be bought "through

"the prescribed channels, they having a broker in America, agents in Canada, and sub-agents locally."

The record of the Society is one of continued progress. In 1909 a branch was opened at Florence, while the premises of the central store were once more enlarged. The cash sales had increased from \$ 17,000 in 1906 to \$ 115,000 and the membership was now 324. In 1913 the building adjoining the central premises was bought and a meat department once more started with modern equipment. In 1914 the Society erected its own ice-house. By 1916, after being 10 years in existence, the membership had grown to 910, the capital of the Society was over \$ 65,000 and the cash sales for the year amounted to \$ 319,000. Since then the Society opened branches at Cranberry, North Sydney, Glace Bay and Dominion. The maximum business done by the Society in one year was in 1929 when the sales amounted to \$ 1,761,840. The latest figures reveal that in 30 years the Society has done a cash sales business of \$ 25,609,814.90, has a capital value of \$ 215,224.85, a membership of 3284 and has returned to the members over \$ 2,500,000 in dividend refunds. The Society owns in addition to its six stores, a bakery, a pastuerizing plant and a tailoring establishment.¹

....

In all there are 45 co-operative stores operating in eastern Nova Scotia, exclusive of those owned by the British Canadian Co-operative Society. These stores have a membership of 4000 and last year did a business of close to \$ 1,000,000. At the present time there are about half a dozen new stores almost ready to open up for business.²

1. History of British Can. Co-op. Soc.

2. St. F.X. Exten. Dept. files.

The idea of opening up a co-operative wholesale is now being seriously considered. The matter was first discussed at a regional conference held at Margaree, C.B. in June, 1936. Resolutions were passed in favour of organizing and further surveys of the situation were planned. To this end a committee of representatives from the Canadian Livestock Co-operative, the British Canadian Co-operative Society, the United Maritime Fishermen and the Pictou United Farmers was chosen.

The result of the survey of the seven eastern counties of Nova Scotia was given to a convention of delegates at Point Tupper, June 19, 1937. It was found that all were in favour of such a development, but it was decided that action in the matter should not be hasty. Few of the delegates were prepared to ensure the support of their organizations regardless of the type of competition that might develop.

After the Point Tupper convention, a similar conference of co-operators in the industrial area took place. Here again, the same difficulty arose--delegates could not guarantee how well their societies would stand up under severe competition. The real difficulty was the position taken by the British Canadian Co-operative Society. This Society is backed by a long tradition, enjoys trade privileges with many manufacturers, and felt that it would be unwise to risk the interests of its many members in pioneering the establishment of a wholesale.

Nevertheless, it is the feeling that the demand for the wholesale will be met before long. The need for such a service is very apparent with around \$ 3,000,000 worth of business being done annually by co-operative stores and buying clubs. Simply to be

satisfied with manufacturers' preferences is to fall far short of the aims of true co-operation. While the majority of the people are unwilling to jeopardize their future interests by undertaking a project for which they feel they may not be ready at the moment, they realize that they must aim at eventually undertaking the co-operative wholesale. Such a step toward the primary stages in the structure of production is necessary if the goal of consumers' control is to be reached. It is with this idea in mind that the people and particularly the officials of the various societies, are carefully studying the question of wholesaling, which they hope to be able to organize in the near future.

The Cape Breton Dairymen's Co-operative Association.

This co-operative pasteurizing and distributing plant has been in operation for little over a year. It has a fine location on Sydney harbour with splendid facilities for wharfage development. The project was studied by the farmers interested in it since 1935. The plans of the group suffered a setback on the death of the president of the Association, but finally building was commenced in December, 1936, and the plant opened for business in March, 1937.

The establishment is capitalized at \$ 35,000. To be an active member a farmer must guarantee to deliver at least eight gallons of milk per day. He must own four \$ 25 shares of the business for every eight gallons shipped. The members all belong to the farming area within fifteen miles of Sydney, and have a collecting service^{by} which they take turns at collecting and delivering the milk to the Sydney plant. All the members are not shippers, but are being assimilated gradually as the business of the organization expands.

The pasteurizing plant first opened with four members turning over their milk routes to the plant. In the beginning 267 quarts of milk were handled. The equipment of the plant consisted of a 1200 gallon pasteurizer, one small bottler and one washer in addition to the large refrigerator which is part of the plant. The staff comprised six members and delivery was done by means of one horse drawn truck and one auto truck. According to the latest information there are now 70 farmers in the Association and about 2000 qts. of milk per day are shipped to the plant. On November 1, the management installed a new 330 gallon pasteurizer and also new and larger bottling and washing machines. The plant has at present a staff of twelve and operates four auto trucks and one horse drawn truck.

Besides serving its own customers, the Dairymen's Association has working arrangements with the Sydney Co-operative Society by which the latter sells co-operative milk to its members through its own delivery service. The milk is sold at the prevailing price, but the Dairymen's Association allows the Co-operative Society one cent per quart for delivery.

The advantages of the co-operative plant to the farmers are many. First of all, apart from dividend returns, the farmers are able to pay themselves a fair price for their milk. Those who have turned over their delivery routes to the plant are able to devote much more time to their farms and to the care of their stock. Co-operative distribution has done away with a great deal of inefficiency by taking over milk routes that overlapped. Co-operation

among the farmers in collecting and hauling milk to shipping points has led to saving of time and delivery costs to the individual farmers. Improvement in stock and in dairying methods has taken place as the result of study and the exchange of ideas.

Co-operative Housing.

One of the most recent and interesting developments of the St. F.X. movement is the co-operative housing scheme of a group of miners at Reserve Mines, Cape Breton.

The plan is being put into operation by ten young married men who began to study co-operative housing in January, 1937. At first it was decided that each man would build on his own piece of land. Since then the group has fixed upon the idea of erecting a co-operative community.

On examining the possibilities of undertaking the housing plan, the study group found that in 1932 the Nova Scotia Government had passed an act to encourage and to promote better housing.¹ The act was intended to aid in providing dwellings for families with an income of \$ 1200 or less a year, and who cannot afford to pay more than \$ 15 or \$ 20 a month as rent or as monthly instalments towards purchasing their own home over a period of twenty years. In accordance with the provisions of this act, a Housing Committee was appointed to receive proposals from groups of citizens who would organize themselves into a companies to erect houses costing \$ 2500 or less. The companies were then to sell or rent the houses at prices or rentals approved by the Commission. However, no such

1. Ext. Bulletin, Nov. 5, 1937: p. 3.

companies were forthcoming and the opportunity for improved housing conditions was disregarded until the Reserve group decided to take advantage of the act.

The Reserve group calculated that an outlay of \$ 300 each would enable them to get started. Under the Housing Act the Government supplies 75% of the cost or appraised value at $3\frac{1}{2}\%$ per annum. (The group intends to make efforts to obtain a lower rate and to have the time period extended to 25 years.) Since the remaining 20% may be provided in cash, or land, or partly both, the group has spent much time in putting their land in the best of shape so as to increase its value.

The land on which the group plans to build is about 22 acres in area and has a 400 ft. frontage on the main highway. The houses will be different from one another in design and generally suited to the individual preferences of the owners. There will be five houses on each side of a one way street with a forty foot lawn and a cultivated area in the back 100 ft. wide, in which vegetables will be raised. The men have already sent soil tests to the Agricultural Department.

The most modern provisions for beauty and recreation will be employed. Hedges instead of fences will be used. Power lines will be carried underground. There will be a community building for livestock and poultry, and recreation grounds for both children and adults.

By building co-operatively it is estimated that each family will be able to build a \$ 2000 house for about \$ 1350. The savings will be made by pooling their purchases, --buying through cash and in large quantities, --and by doing most of the rough work themselves.

In the nearby town of Dominion a group of about a dozen young miners recently formed the Dominion Co-operative Housing Club. The inspiration for the idea was received from their Reserve neighbours. The Dominion club, by delegating a committee to attend the meetings of the Reserve circle, is able to profit from the experience of the latter group. It is expected that other communities will embark upon similar schemes during the coming year.

Group Hospitalization.

Group Hospitalization is being studied in various districts. Several hospitals are closely associated with the groups engaged in this study, and are assisting them in formulating a workable plan.

The first such venture was made in 1936 by the St. Andrew's Co-operative Society, in the community of St. Andrew's. The plan is being carried out in conjunction with St. Martha's Hospital at Antigonish.

During the first year 116 members of the St. Andrew's Society paid a premium of \$ 9.00 each. At the end of the year it was found that this rate was too low for such a small membership. Accordingly, for the second trial year, now in progress, a higher rate was decided upon. This new rate is \$ 12 per annum, family insurance.

Under the contract the hospital undertakes and agrees to give free ward service to the members and their families for five weeks, and to allow a 50% discount on the usual private and semi-private rooms. There is a 50% discount on X-Ray and operating charges, while the ordinary medicine is provided free during the period.

Within the past year the Knights of Columbus of Antigonish have undertaken the hospitalization scheme. They have a membership of 75, with the same rate as St. Andrew's, i.e. \$ 12 per annum, family insurance. Heatherton Co-operative is another community which is contemplating a similar step. In the Sydney and Glace Bay districts it is expected that group hospitalization schemes will be put into effect soon.

The following is a table of charges which has been settled upon by St. Martha's Hospital, although, under present circumstances, the one rate of \$ 12 operates in the several communities which have adopted the plan. The agreement does not permit the number of members to fall below 75 at any time during the currency of the agreement. In the event of a member allowing his membership to lapse, he is not eligible for further participation in the scheme.

Family Insurance.

Number of members	Premium.
75-99	\$12.00
100-149	11.50
150-199	11.00
200 or over.	10.00

Individual Insurance

75-99	8.00
100-149	7.50
150-199	7.00
200-over	6.50

Women's Activities.

For the first three years of its existence the St. F.X. Extension Department devoted its efforts toward the promotion of study groups composed, for the most part, of men. In October of 1933 it was decided to organize women's clubs similar to those being conducted for the men. The program outlined came under four headings:

1. A study of the forces that affect the social and economic welfare of the people.
2. Health and Food.
3. Household Economics.
4. Money-making projects--The study and cultivation of Handicraft Work and Home Industries. ¹

This feature of the Extension Department's activities met with immediate success. In the industrial centres of Cape Breton the interest in these women's clubs was such that during the 1936-37 season it became necessary to add a full time worker to the staff to direct this work. In 1937 the demand for instruction in handicrafts, household activities, etc., prompted the Department to arrange for a four week course at Canso during June and July. The Department sponsors exhibitions from time to time to stimulate interest in household arts. ²

1. Extension Bulletin: Nov. 7, 1933; p.8.
 2. Ibid., May 2, 1937; p.6.

Chapter Ten.

Conclusion.

In order to arrive at an adequate estimate of the Nova Scotia Co-operative program our criticism must be measured against considerations of fundamental importance. The significance of what has been done up to the present is, of course, judged on the merits of the results attained. But, for a comprehensive appraisal, we must know on how sound a basis these achievements are being constructed and we must have in mind the ideal to which they tend. In some measure, these factors and aims have been alluded to in earlier pages. However, having completed the factual survey, we are equipped to form our conclusions with an added measure of discernment.

Accordingly, then, to adjudge the vitality of the movement at the moment, together with its possibilities for the future, we would direct attention to three points:

First, to the results that have been achieved to date;

Second, to a study of the methods employed to effect these results and to an examination of the inspirational sources of the movement;

Third, to a consideration of the ultimate purpose of the plan, in the light of its philosophical aspects as envisioned by its originators.

It is quite evident that the Co-operative Movement has met with considerable success in effecting economic and social betterment in Nova Scotia. Our examination of the various phases of the program has provided us with examples of steady development on every hand. Such a movement, peculiarly dependent on voluntary

adherents, can thrive only on success. It is apparent, therefore, that its record of day to day advancement is the truest criterion of its value as recognized by the people associated in the movement.

It is to the emphasis on education and to competent direction that the success of the Nova Scotia co-operative effort is attributable. We have seen how careful the Extension Department is to have the people thoroughly instructed before they undertake any co-operative enterprise. Yet, more indicative of the stability of the movement is the rather unique character of its organization. Co-operation, by its very nature, should expand because of the appeal of its inherent advantages. Paternalism should find no part in fostering its growth. But the Extension Department furnishes that kind of assistance and guidance which transcends the idea of paternalism in the accepted sense. Its staff oversees the soundness of the growth of the movement, solicitously and efficiently. The directors are well-schooled in the knowledge of their work; they are closely associated with the people; and they have an intimate understanding of the social and economic background of the constituency. Hence, in this element of efficient, centralized control we find the factor which is at once of fundamental and of distinctive importance to co-operation as it is being demonstrated in Nova Scotia.

Finally, in viewing the economic achievements of the movement, we must not lose sight of the immanent purposes of the programme. For the initiators of this work emphasize that the success of these achievements is not an end in itself. Their higher aim is to eradicate those demoralizing influences and practices which have

" scorned human values and have relegated the human soul to the limbo of forgotten things."¹ The people must be benefitted, not only economically, but socially, physically and spiritually. For it is argued that such integrated reconstruction is the basic need of democracy to-day. In applying co-operative principles toward the attainment of this purpose, the Nova Scotia movement is presenting Co-operation in rather a new light. On this point Bertram Fowler, writer and lecturer on the subject of Co-operation, declares significantly,² " My experience in Nova Scotia with a co-operative movement that for vitality and activity can hardly be duplicated on the North American Continent has led me to change some of my ideas.

" Here I found a group which, while frankly in accord with all the teachings of cooperation, looked upon cooperation itself as an implement with which to reconstruct society along democratic lines rather than a movement that in itself would comprise the community and outline its structure and scope.

" In other words, I found a group that very definitely is building on the belief that democracy represents their ideal state.

" Here, I believe, is the difference between what St. Francis Xavier University has done and the cooperatives that we find in many sections of the United States and Canada. In these groups there has been perhaps a very laudable belief in the cooperative technique. But in many of them the theme of democracy has not been considered. There we find in many instances very little

1. Rev. M. J. MacKinnon; Program for Eastern Canada: p.5.

2. Bertram B. Fowler; Consumers' Cooperation, June, 1937: pp. 84-87.

" beyond a mere cooperative business structure rather than the beginning of a new democracy.

" I believe that this is one of the great contributions of Nova Scotia to the American cooperative movement.

" I believe further, that though we need to study the successes of cooperation in Great Britain and the Scandinavian countries, that the movement in Nova Scotia is of vastly greater importance to us on this continent. I base this assertion on the fact that here is something that has sprung out of our own soil; facing conditions that are typically American in the broadest sense. It is a movement that embraces the ideals for which generations on this continent have fought and striven."

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