

**CO-OPERATIVE HOUSING:  
THE SOCIAL IMPERATIVE**

**C. Anthony Pitt  
1994**

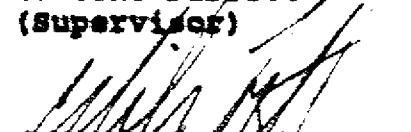
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**Thesis Approved by:**

  
\_\_\_\_\_  
**L. Gene Barrett  
(Supervisor)**

  
\_\_\_\_\_  
**J. Wilson Pitt  
(Reader)**

  
\_\_\_\_\_  
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Abstract

Anthony Pitt  
Co-operative Housing: the Social Imperative  
April, 1994

From its beginnings in early nineteenth century Europe the Co-operative Movement has grown into the world's largest social movement. It represents a middle way between the extremes of control by the State and by big business. Its ideology is based on two objectives: the economic betterment and social development of its members, with the former having been conceived as a means to the latter. But economic betterment has often been an end in itself with social development being at best an incidental benefit.

All members of all co-operatives are encouraged to take an active role in the operation of their co-operatives. Some do, many do not. Housing co-operatives provide a unique opportunity for a high level of member participation and social benefit as members are obliged to work together and are required to live together.

This thesis explores the character and significance of the social development experience of three generations of co-operative housing, and the relations between those co-operatives and the State, and with the private sector.

### Acknowledgements and Dedication

A goodly number of people have contributed to the completion of this thesis.

In Scotland Lorna Davidson spent time describing the story of the Dale/Owen New Lanark Mills and escorting me around its strong stone buildings. In England Brad Barber combed through the minutes of the Rochdale Pioneers, and Johnston Birchall confirmed and corrected the impressions I had of their housing experiments. Staff of the Rochdale Metropolitan Borough Council Local Studies Library and of the Co-operative Union Library in Manchester made many useful suggestions.

In Canada Fred Pierce, Director of Co-operatives, Province of Nova Scotia, offered useful leads and comments, as also did the staff of the Canadian Co-operative Association and of the Canada Mortgage and Housing Corporation library in Ottawa.

The faculty and fellow graduate students of the Atlantic Canada Studies program of Saint Mary's University were tremendously supportive and their help substantially improved the breadth and depth of this enquiry. Dr. Gene Barrett not only enthusiastically accepted the challenge to supervise the preparation of this thesis, but thoroughly and constructively commented on each of several drafts. The considerable assistance readily given by Wilson Pitt and Therese Arseneau,

and my wife, Patricia Pitt, is recognized with gratitude.

This thesis is dedicated to three men, each of whom unknowingly shaped my character and this thesis. Alec F. Laidlaw, a colleague, and John Robert Cecil Owen, a friend, are both dead. Gerald G. Purchase, a colleague and friend, is very much alive.

### Introduction

The conception, birth and growth of the Co-operative movement is a fascinating story. It is the story of a socio-economic movement which historically has many roots and today has many branches. The most well-developed branch was developed in Western Europe at the beginning of the nineteenth century and spread throughout the now developed and developing worlds, essentially as a response by the working class and primary producers to the evils and alienation of industrial capitalism.

This thesis examines the experiences of housing co-operatives beginning in the 1860s in Rochdale, England, then moving to the 1930s in Nova Scotia, and finally the 1970s in Nova Scotia and Canada. These three eras of co-operative housing development were chosen because they are of particular significance within the co-operative movement. The co-operative housing experiments launched at the beginning of each of these eras represented entirely new and innovative solutions to the housing needs of Co-operators; each called for an increasing degree of resident co-operation, and each offered greatly enhanced opportunity for social betterment.

The significance of the British tradition is such that over one third of this thesis is devoted to it. The Canadian, and more particularly the Nova Scotian experience evolved directly from the British heritage and many early Nova Scotian co-operatives were founded by immigrants who had belonged to

British co-operatives. As in Britain, Nova Scotia's first co-operatives were consumer stores established by the impoverished and exploited working class in urban areas with the object of gaining a modicum of economic independence and improving their social prospects, including their housing. In both Britain and Nova Scotia, the early co-operators were of socialist and trade union background and were reluctant to form religious and political alliances. Then again there were the common and ongoing internal tensions between the movement's dual economic and social objectives, and external tensions with the State and the private sector.

Another common trans-Atlantic thread was the persistent but largely frustrated move towards the original ideal of co-operative communities. This thesis argues that this concern for community and what became known as the Rochdale Principles are most completely resurrected with the Continuing housing co-operatives of the 1970s and 1980s. In effect the Nova Scotia Building co-operatives of the 1938-1972 period acted as midwife in this rebirth. Just as one cannot understand the Nova Scotia experience without knowledge of the classical British tradition, one cannot appreciate the significance of the Canada-wide housing co-operative movement without an understanding of its Nova Scotian roots.

The Co-operative movement is one of the oldest, and perhaps, one of the world's largest social movements. As such its history is characterized by change and diversity. Changes

have recurred over time as economic conditions have improved or deteriorated, resources available have grown or shrunk, the movement has been threatened or supported, and the quality of leadership has varied. As the movement has grown in size it has expanded the range of functions co-operatives perform. Each new co-operative has attempted to address the particular needs of those in countries of widely different political and socioeconomic backgrounds.

However, in spite of its age, size and diversity, the basic ideology and operating principles of successful co-operatives have remained essentially unchanged since the movement was born 150 years ago. The durability of, and adherence to, that ideology and those principles are evident through the chapters which follow. They represent a philosophy and a tradition which might be compared to those of a religious movement. Also apparent is the movement's unchanging commitment to the needs of the less fortunate, the exploited, the powerless, those who have lost their self-respect and their sense of community. It is suggested two basic factors have governed the degree to which the co-operative movement, like all social movements, has achieved a measure of success. The first factor relates to its ideology and commitment to what might be termed a social imperative, while the second concerns the quality of its management of external relations with the State and the private sector.

#### The Social Imperative

The ideology of the Co-operative movement was conceived in the early decades of the nineteenth century and in essence remains unchanged today: the pursuit of two equally important ideals, economic emancipation and social development. While neither in theory nor in practice are these two ideals mutually exclusive, the movement has been characterized by a tension between them in the minds and hearts of co-operators. This tension has arisen between those who relegated the social imperative to a secondary or incidental priority and those who considered the social imperative to be paramount. In practice, however, it now generally appears that most co-operators are pre-occupied almost exclusively with the business of their co-operatives. This pre-occupation with economic performance could be better understood if it were apparent only as a new co-operative struggled to develop financial viability or when financial survival was threatened. But it is not. Even well-established and financially strong co-operatives appear to concentrate almost exclusively on economic performance. Does this mean that the social imperative is secondary to success? Or do many of the problems experienced by Co-operatives stem from this neglect of social imperatives and ultimately limit the potential of co-operatives?

Social development, to the extent it is seen as a secondary responsibility is generally limited to the education of co-operative members in the management, administration and

operation of their co-operatives. Certainly this educational objective is clearly a fundamental need but represents a pale reflection of the ambitious social goals of many early co-operators which called for a new socio-economic order. Mainstream co-operatives, which are in what George Melnyk (1985) has called the liberal-democratic tradition of Western Europe and North America, generally exhibit this social apathy. But is this apathy to be regretted? Have not other agencies, governmental and non-governmental, pursued and to a considerable degree satisfied, the social goals/ideals of yesterday's co-operators? While many old goals have been achieved, there are other goals, social, economic and even political, which can only be effectively achieved by people working together to help themselves at the level of community, especially at a time when government is reducing its support of the social infrastructure and multi-national corporations grow in power.

Most editions of The Atlantic Co-operator published during the last three years have voiced a concern that if co-operativism is to recover and strengthen its status as a social movement, the social imperative must be given a higher priority, be reshaped to reflect and respond to current and future concerns and needs, and be vigorously pursued. Any attempt to look forward at the prospects for the social imperative within the Co-operative movement in the developed Western world should be based on two considerations. Firstly,



the significance of the social imperative: was it paramount or peripheral; what social goals did co-operators have; how strong was their commitment to those goals; and why were some achieved and others not. Secondly, on the role and goals the movement should have to enhance its potential to resuscitate social betterment. The primary focus of this thesis is on the first of these considerations, i.e., the co-operative experience as it has related to social development. That experience was of course shaped by many factors not the least important being the socio-political and economic environment within which the movement operated. (The second consideration is oriented to the future and is the subject of an appendix).

Co-operative housing has been chosen because, by its very nature, it provides a unique opportunity to trace the character and significance of the social development experiences when people not only work together as business partners but also live together in a community of co-operators. In housing co-operatives the need and the opportunity for social development is more evident and likely to have more substantial, varied and tangible results and benefits as compared to other forms of co-operatives. Living and working together requires and provides more opportunity for social interaction, support, and consensus building. Spontaneous and structured social development emerges at an individual psycho-social level, in terms of the co-operative collective, and even at the level of the external community.

However, while living and working together has those potentially positive features, it also presents more opportunity for conflict and confusion.

Given then that social development has been one of the two keystone objectives of the co-operative movement and that housing co-operatives provide more opportunity for it compared with other co-operatives, the following proposition will be argued,

that the survival and growth of the co-operative housing movement has been and remains fundamentally dependent on the strength of the commitment to the social imperative of its members.

### External Relations

In addition to the internal, economic-social tension identified above, co-operatives experience two other unique tensions, both of them relating to the external environment. Inasmuch as the management of these tensions has affected the success or failure of all co-operatives, they also merit recognition in this thesis as secondary foci. These two tensions both arise because co-operatives represent a third force, entities which are neither state-owned nor conventional private enterprises. As such they have rarely been welcomed or accepted without reservations by the State or the private sector. In the Western world they have generally been tolerated but not encouraged. Many outside the movement have considered them as threats to the established political and

economic order.

All co-operatives must satisfy the law and regulations of the states within which they operate. When government support or encouragement is forthcoming it is invariably associated with conditions and requirements which may limit the role and operational flexibility of co-operatives. Those co-operatives which have managed their relations with the State most successfully have obtained the maximum support with the minimum control. When this support is withdrawn, especially if it takes the form of financial assistance, it can cause many co-operatives or sectors of the movement, housing for example to wither. The benefits and disadvantages of State aid are argued in the first of two secondary propositions,

that state intervention has generally resulted in short-term benefits, mid-term dependancy, and long-term vulnerability for the co-operative housing movement.

The success or failure of all co-operatives depends also on the nature of their relationships with the private sector. This comprises individuals and organizations which often believe they are threatened by co-operatives. The private sector response is invariably governed by whether a pecuniary benefit or loss is anticipated as a result of the establishment of a co-operative. The critical nature of external relations with the private sector is argued in the third proposition,

that to be successful the housing movement and individual co-operatives must exercise well-developed expertise in the management of external relations with the private sector.

In its various manifestations, co-operative housing has provided a unique experience from which to review the significance of external relations. No significant State aid was furnished to the co-operatives of the nineteenth century, but financial support was given in Nova Scotia to an increasing extent beginning in 1938. However, this support was only given to housing co-operatives and they became increasingly dependent on it for their survival.

Co-operative housing also presents a unique opportunity to study relations with the private sector. Unlike other forms of co-operative, co-operative housing creates a neighbourhood which is invariably similar to but different from the larger residential environment within which it is located. The differences, both actual and imagined, have caused some housing co-operatives to be thought undeserving of public support, or as ghettos for the housing of those unable or unwilling to behave as responsible members of society.

Following a chapter devoted to theoretical issues, the next four chapters of this thesis are entitled the British Tradition and designed to give an understanding of the British birth of the modern western-world Co-operative

Movement and its first venture into housing. Chapter Two describes the political, economic and social forces which shaped the birth of a variety of social movements during the first half of the nineteenth century. In the next chapter the story of these movements is summarized as a lead into Chapter Four which concentrates on the formation and ideology of the Rochdale Society of Equitable Pioneers. This Part concludes with Chapter Five and an account of the first housing scheme initiated by the Rochdale Pioneers. The Canadian Experience is the subject of the Chapters Six to Nine, which are concerned with the Movement and its housing initiatives in Canada since 1861. Chapter Six traces the formation of the Canadian Movement and its yet-to-be-won struggle to become a unified, influential national force. In Chapters Seven and Eight the focus is on co-operativism in Nova Scotia and the building co-operatives built in that province between 1938 and 1972. Chapter Nine shifts to the continuing housing co-operatives developed through the period 1973 to 1991. The conclusions which follow Chapter Nine address the three propositions advanced above, and make some related observations.<sup>1</sup>

In addition to established primary and secondary sources,

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<sup>1</sup>Three appendices are also included which: trace the twentieth century refinement of international co-operative ideology; describe the evolution and objectives of the Canadian continuing housing co-operatives program; and offer some suggestions on the role and goals considered appropriate for housing co-operatives.

the author has had considerable correspondence and interaction with those who have promoted housing co-operatives and those who have lived and now live in such housing. I also drew on my own experience in developing, with the late Alec Laidlaw, the federally-funded Continuing Co-operative Housing program in 1970-73, and in delivering this program for the federal housing agency in Nova Scotia through the years 1978-85.

## Chapter One

### Theoretical Issues

This chapter provides the theoretical base from which the birth and evaluation of the modern western co-operative movement, and its offspring the co-operative housing movement, are described and analyzed. The chapter concentrates first on social movements generally, then on the co-operative movement specifically, and describes their nature and the issues with which they are commonly faced.

#### Social Movements Generally

As its prime objective is social betterment, the co-operative movement may legitimately be classed as a social movement. And, at another level, the co-operative housing movement, as a component of the larger co-operative movement is also a social movement. While every social movement<sup>2</sup> is unique, some generalizations can be advanced concerning their origins, character and the issues common to them.

As Heberle explains, all social movements aim directly or indirectly at changes in the distribution of power or in the distribution of income or both, and are "opposed by the social classes which hold the balance of power and wealth" (1951: 162). Movements as such are not organized entities but contain one or more non-governmental groups which are formally

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<sup>2</sup>A trend is not in itself a social movement, although may give rise to one. Nor is a pressure group or a social outburst, such as a riot or demonstration, a social movement (Heberle, 1951).

organized.<sup>1</sup>

Historically, when ruling classes felt endangered by worker unrest, they tended to develop theories aimed at proving social stratification was inevitable -- it was caused, they claimed, by the natural inequality of human beings.<sup>4</sup> Those who posed a threat to the established order, (Heberle calls them the rising classes) either joined an existing organized group, formed a new group which associated itself with an established movement, or came to be recognized as the founders of a new movement.

Neil Smelser, writing in Theory of Collective Behavior (1962), described a sequential process involving a value-added concept which he believed to be implicit in the formation of collective behaviour, and, by extension, social movements. He maintained each of the following conditions were required: a society that is not totalitarian and therefore conducive to change; internal contradictions within that society; structural strain; the spread of a belief in the possibility of effecting change; an event that causes those of similar mind to believe that action is now appropriate; the mobilization of such people for action by a leader; and the failure of established social control agencies to quash the

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<sup>1</sup>The Labour movement in Canada, for example, may be said to be represented by many different trade unions and by the New Democratic Party.

<sup>4</sup>More recently the white supremacist movement aims at countering the objectives of a variety of social movements formed to advance the equality of visible minorities.



movement's formation and to limit how fast, how far and in what direction it proceeds.

The character of social movements is largely governed by their ideology, i.e., the ideas, aims, theories, doctrines, values, and strategic and tactical principles held in common by groups of people. This ideology begins to develop as a movement acquires organization and form, a body of customs and traditions, established leadership, an enduring division of labour, social rules and values -- in short a culture.

Social movements may be classified along no less than seven dimensions.<sup>1</sup> At one end of a spectrum a movement can be said to be populist and democratically governed, while another movement is ruled autocratically by an elite or by a charismatic leader. Again movements may be classified according to the degree to which they have declared an intent to achieve their aims by working within the established socioeconomic and political order, or, whether they work outside the established order with the desire to replace it with a new one -- with or without the use of violence. Also and at each end of a spectrum, movements may create a new, insulated, isolated, and independent community or by attempting to function within the broader framework of society. Similarly they may have an all-or-nothing utopian ideal governing their strategy and tactics or be pragmatic,

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<sup>1</sup>These are largely based on a crystallization of the writings of Roberts (1979) and Heberle (1951).

reformist, interventionist and adopt an incremental approach to social change.

In addition they may be classed by the composition of their members; do they on the one hand represent a homogeneous group along specific occupational, income, class, ethnic, religious, language, gender, age or disability lines or on the other a broad spectrum of society seeking fundamental wide-ranging change. Yet again the political environment of the State may largely determine the character of the movements which emerge and survive. For example, more centralized and interventionist governments have been more likely to dictate and closely control their formation and operation to foster state objectives. Conversely many western world governments, representing themselves to be democratic, liberal, progressive or christian, have encouraged movements to the extent they are not seen to threaten the established order (Melnik, 1985: 9-10). Finally they may represent the interests of rural or urban populations, or both.

The very nature of social movements suggests that tensions, issues and conflicts both within movements (internal) and between movements and the community-at-large (external) are unavoidable, frequent and require careful management and resolution. Tensions are often welcomed by the more progressive leaders as an expression of a movement's

ongoing dynamism. The first three of the following tensions<sup>4</sup> will be recognized as pertinent to a consideration of the three proportions identified in the Introduction. In essence it may be said that tensions typically and frequently occur: first, between those who have a deep commitment to the achievement of one or more social objectives, and those who are prepared to settle for less (often in the shape of an economic gain); second, between those who are prepared to work within the prevailing political and economic establishment, and those who see no solution short of an overthrow and replacement of that establishment; and third, between those who are mindful of and sensitive to the nature and concerns of the larger community, and those for whom the preoccupations of the movement are overwhelmingly paramount.

Other tensions, which may be equally typical and frequently experienced, occur between those anxious and impatient for quick results, and those who are prepared to accept slow progress; between those of conservative, rigid outlook, and those who are prepared to adjust and adapt (with or without a sacrifice of principles); between those who have assumed or been elected to leadership roles, and the general membership (usually over decision-making and communication);

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<sup>4</sup>The word "tension" is used to include also "issue" (and "conflict"), as these may result from a failure to resolve a tension (or an issue); tensions may escalate into issues which in turn may become conflicts. The tensions described for social movements generally are equally evident in the co-operative movement, and in most co-operatives.

and between those anxious to avoid any reliance on external aid or subsidy, and those determined to access all available assistance (even without regard to its source or an appreciation of the implications of its acceptance).

### The Co-operative Movement

Born as a result of the industrial revolution, the co-operative movement continues to capture the essence of a left-of-centre social movement. Its successful launch and growth was based on the conditions described by Neil Smelser (1962) and more recently expressed by Johnston Birchall in somewhat different terms as: "pressing human needs which cannot be solved by individual self-help, an appropriate structure for co-operation, individual and organizational promoters, a favourable legal and financial environment, and climate of opinion" (Birchall, 1988: 4).

Co-operatives themselves are not easy to define; in fact no one definition should be considered accurate to describe all co-operatives, unless such a simple definition as that based on the Latin derivation of the word "co-operation" is used: to work together (co-, together and operari, to work).

Early this century, in 1908, Dr. C.R. Fry writing in Co-operation at Home and Abroad defined a co-operative as

an association for the purpose of joint trading originating among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership share in its rewards in proportion to the degree in which they make use of their association.

(quoted by Digby, 1965: 7)

In 1933, Dr. G. Mladenatz's Histoire des Doctrines Co-operatives described them as,

associations of persons, small producers or consumers, who have come together voluntarily to achieve some common purpose by a reciprocal exchange of services through a collective economic enterprise working at their common risk and with resources to which they all contribute.

(quoted by Digby, 1965: 8)

The first of these definitions defines co-operatives as 'trading', the second definition has them as exchanging 'services', and to that extent each is unduly restrictive. Co-operatives may do either and some do both.<sup>7</sup> The second definition makes no reference to social goals.

Another fairly simple definition of a co-operative is, "a group of people who come together to achieve something they

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'Co-operatives have been given different labels to distinguish one variety from another. All the following are co-operative within the broad definition of co-operation as people in control of an enterprise "working together in a spirit of self-help and mutual aid for the common good" (Melynk, 1985: 4): communes, collectives, credit unions, mutual benefit societies, Kolkhoz (USSR), worker self-management enterprises, Kibbutz (Israel), and even condominiums. Additional words more specifically define the focus of many co-operatives such as producer, consumer, marketing, agricultural, fishing, housing, insurance, water supply, day care, and film making. Not included however, in this rubric, are other arrangements which introduce an element of democracy into the traditional corporate entity such as profit-sharing, co-partnership and co-determination.

Also co-operatives may be uni-functional or multi-functional. That is to say, they may be concerned, for example, only with the purchase of goods from others and the sale of those same goods to their members (consumer co-operatives), or they may perform more than one function, such as the catching, processing, packaging and sale of fish to a distant market, and the provision and maintenance of fishing equipment and housing for members.

all want but can best obtain by working together, rather than separately" (Dreyfuss, 1973: 18). In more formal legalistic terms this could be restated as,

a group of people who come together voluntarily to form an organized and legal entity dedicated to the democratic achievement of common economic and social goals, and practicing the fundamental values of equality, equity and mutual self help.

Within the seven dimensions listed in the previous section of this chapter it is apparent the movement is not only a social movement but one which lies to the left of centre. Like all Left-Wing social movements co-operativism has objectives which call for a greater measure of social and economic equity. It strives to achieve this by causing power and income to be more equitably distributed across the whole spectrum of society.

The western co-operative movement is based on a number of principles revolving around equity, equality and mutual self-help. Equality is represented by "one person one vote" and "open and voluntary membership" which theoretically should result in a democratic form of self-government. In practice, however, and especially in the larger co-operatives, only the minority vote, most decisions are taken by a bureaucratic elite, and membership is not always completely open to all.

Only a radical fringe of the movement has occasionally advocated the use of violence to achieve co-operative ends. However, as we shall see later in this chapter, different co-operative schools have favoured either the acceptance of the

established order and carving a third sector place for co-operatives, or the replacement of that order. The majority of co-operators have supported the third sector, less radical approach. Most co-operators have been and remain pragmatists rather than utopianists.

Most co-operatives are formed as a reaction to an exploitive regime or economic system and either work within it to reduce or extinguish its power, or to create an isolated or insulated entity divorced or independent of external control.<sup>1</sup> They are invariably based on an economic need, but should also have a social raison d'être which concentrates on member education, self-help and the practice of democratic, collective ownership and operations.

While representing themselves as anxious to have all people belong, the membership of co-operatives has largely comprised only blue-collar workers -- urban and rural -- and, particularly in North America, of particular occupational groups such as those employed in the marketing of agricultural products, the fishery and the mines.

Co-operatives and the modern movement grew rapidly in the 100 years after 1844, but it was the consumer co-

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<sup>1</sup>In the Western World almost all co-operatives have been founded on the initiative of a nucleus of private individuals (with or without the encouragement of governments). In most of the rest of the world (both developed and developing) governments have initiated them, and to varying degrees control them within a centrally-planned political economy, wherein they are more often than not seen as the means to an end rather than end in themselves.

operative which dominated that growth in Britain. In addition and as a result of the quick success enjoyed by consumer co-operatives and improving economic conditions, the British movement "dropped most of its social idealism" (Garnett, 1972: 213), and thus gained the support of the Establishment. Supporting and subsequently leading this trend was John Mitchell of Rochdale, who, uninfluenced by the old Owenite and Christian Socialist idealism, caused British co-operativism "to become predominantly a consumers' movement as it has remained ever since", a movement that "did not require them (members) to do anything at all that they could not have been led to do by entirely selfish motives"; those "who did not care a rush for its social ideals" (Cole, 1951: 31-33). Thus in Britain, co-operativism became an end in itself, rather than a means to an end, and has generally followed a similar pattern in North America. It is ironic that "this was the type of co-operation least likely to effect radical social change but it triumphed mightily to the virtual exclusion of other forms" (Harrison, 1989: 248).

The dichotomy between the small and weak, and the large and the powerful was anticipated by the Rochdale Pioneers when they said individual co-operatives must belong to federations and that they must co-operate with each other within the umbrella of such a federation. This same concept is of course practised in the organization of capitalist enterprises by the establishment of divisions or separate companies reporting to



and taking direction from parent companies. Vertical and/or horizontal integration is achieved by similar means. The government of a country also presents another parallel with its federal, provincial and municipal layers.

Co-operatives, like other business enterprises, tend to lose their vitality over time, especially if their original objectives are achieved and they do not adapt to a changing environment. One key determinant is the way in which the size and age of a co-operative is managed. A successful large co-operative can come to be ruled by a bureaucratic self-serving management, social ideals can wither. On the other hand those which remain small tend to be weak, vulnerable and ineffective in the pursuit of economic and social goals.

Co-operatives, like businesses, tend to have a life cycle. That life cycle in terms familiar to co-operatives, begins with a "utopian" phase characterized by experiment, high but not always practical ideals and a crusading spirit. In this phase it is common to find a charismatic leader who collects a nucleus of followers on the basis of his categorical definition of a problem and its causes, and who prescribes an infallible solution. The next phase, always assuming the co-operative survives the first, is one of "establishment and expansion", the adoption of a particular model and legal formality, followed by growth in membership and perhaps scope within prevailing societal conditions. Following this comes the "systems" phase when maturity is

reached and the status quo may rule if the leadership becomes uninterested in idealism and innovation. An increasing emphasis on organizational detail and the process (rather than the substance) of the business and a decreasing emphasis on philosophical and social goals. However, this phase need not be terminal. It can be turned into one of renewal, perhaps with a shift in focus, or the identification of new or additional goals, and the beginning of a new life cycle as vitality is regained.<sup>9</sup>

Co-operators generally, and housing co-operators in particular, have always stressed the need for community development. Indeed a deep and constant pre-occupation with the need for community has been evident since the close extended family networks of mutual support, which were so critical to the survival of small rural communities, failed to migrate to the towns and cities formed as a result of the Industrial Revolution.<sup>10</sup>

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<sup>9</sup>It is pertinent here to note how the moribund Building Co-operative program was terminated and in effect replaced by Continuing co-operatives which renewed and revitalized the movement.

<sup>10</sup>In his thoughtful thesis entitled From the Past to the Present Errol Sharpe (1991) makes two observations about the nature and importance of community in a world where large urban centres dominate their dependent hinterlands and where *Gesellschaft* (the primacy of business relationships and competition -- a male priority) transcends and replaces the significance of *Gemeinschaft* (the primacy of human relationships and co-operation -- a female priority). Sharpe suggests "it is necessary...to find a social balance between *Gesellschaft* and *Gemeinschaft*", and also "necessary to find some kind of personal balance for both men and women so that society will not be divided along gender lines". (Sharpe:

### Schools of Co-operative Theory<sup>11</sup>

Chronologically<sup>12</sup> the Co-operative Commonwealth School was the first to be established. The Rochdale Pioneers and others in the early years of the modern co-operative movement held this ideological position. The belief was that co-operatives would flourish and gradually embrace all economic and social activity; equity, equality and mutual self-help would be practised by all organizations and individuals. Political power would be decentralized and private capitalism would wither and die. A Co-operative Commonwealth would

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102-110). In effect therefore, and in terms of a housing community, Errol Sharpe supports the co-operative belief that the economic and the social must be given equal status and priority; and moreover that men and women were not only created equal but must be accorded equal power if only to ensure that balance.

It would be easy to equate Gemeinschaft with the intimacy of a rural community, and Gesellschaft with the impersonality of the rational urban environment, as the German theorist, Ferdinand Tonnies, did in Gemeinschaft and Gesellschaft (1987); and as the Chicago School of urban sociology did between the two world wars. However, these parallels have been questioned by S.M. Hale (1990) who claims that loss of community is caused by "the dehumanizing effects of capitalism -- insecurity stemming from poverty, inflation and unemployment, and exploitation at work" (Hale: 112).

This writer would tend to support the latter theory if only because sound, healthy and successful communities have evolved in both rural and urban housing co-operatives.

<sup>11</sup>Some of this material is based on notes prepared by A.F. Laidlaw for a lecture given by him at the University of Missouri in 1974.

<sup>12</sup>Even though they emerged chronologically and in some places the one replaced the other, more than one "branch" often co-habits in the same country. All five branches are now evident around the world.

result in which a totally co-operative social order would prevail and government as we know it would cease to exist. This school represents an extreme position and one advocated by Robert Owen and more recently by the Canadian, George Keen. Most co-operators now regard this expectation to be utopian and idealistic -- certainly in the western, developed world. However, totally co-operative societies or communities do exist in the form of the Hutterite colonies of Western Canada and the Kibbutz Settlements of Israel.

Subsequently, and towards the end of the nineteenth century, the Co-operative Sector School emerged as liberal democracies and democratic socialism gained acceptance and the welfare state began to emerge which incorporated many of the goals of early co-operators. This led to the movement's acceptance of a balance between public, co-operative and private sectors -- co-operativism would no longer have to reign alone. Co-existence made best sense in the building of a strong economy, democratic government and social order. The Co-operative Sector would represent the third or middle way and result in a balance of public, co-operative and private sectors. Supporters of this school are especially dominant in Scandinavian countries, Israel and Japan. It is also perhaps the alternative favoured by most Canadian co-operators. George Fannat, author of Le Secteur Cooperatif and head of the Co-operative Branch of the International Labour Organization 60 years ago, and Dr. M.M. Coady were strong

supporters of this school. And, let it be added, it was the school preferred by Dr. A.F. Laidlaw.

The School of Co-operative Socialism became the third School as a by-product of the Russian revolution when the notion was introduced that co-operatives should be not only socialist but an integral part of a properly planned centrally-controlled economy. Co-operatives could be either junior or superior to state enterprises. Socialists and Communists, to the extent they recognize a need and future for co-operatives, belong to this school.

Then came the School of Modified Capitalism (a variation of the Co-operative Sector School) with co-operatives playing a minor role as compatible with capitalist enterprises and providing a measure of competition to curb the excesses of what would otherwise be monopolies or oligopolies. In this scenario co-operatives are basically private organizations that enable small capitalists to provide themselves with goods and services -- their role would be essentially economic with little if any social motivation. Such co-operatives do not threaten the established capitalistic open-market economy. Co-operative theorists and purists have little time for this school of thought but it is none the less the prevailing co-operative model in North America and Britain where the social imperative is not as imperative. In effect this School is a mild variant of the Co-operative Sector School.

Fifthly, New Age Co-operativism - 1960 on - emerged and

now thrives in recognition of the erosion of liberal capitalism and the welfare state, and the emergence of uncaring monolithic multi-national corporations and governments increasingly influenced/controlled by them. The ineffectiveness and apparent disinterest of the established co-operative network in addressing social issues is also responsible for the New Age phenomena. Supporters of this School create what are generally described as community (economic) development corporations, (CDC), which tend to be small and locally-owned, and to stress quality of life, the conservation of resources and mutual self-help.<sup>13</sup> These CDCs typically foster and facilitate the formation of local co-operatives and other service/people-owned enterprises which ideally would not be dependent on the state for financial support.<sup>14</sup> Such corporations develop and implement locally-controlled "comprehensive multi-purpose strategies for community survival and enhancement (of) the whole range of

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<sup>13</sup>New Dawn Enterprises of Cape Breton is an example, and a recent report of the Centre for the Study of Co-operatives at the University of Saskatchewan entitled Climate for Co-operative Community Development (Ketilson, 1992) lists 290 such CDCs as being Development Co-operatives active in Canada.

<sup>14</sup>Community development corporations have been a driving force behind the recent dramatic growth in the formation of worker co-operatives. These co-operatives (enterprises owned by those who work in them) fall into four categories: arts and crafts, industrial (invariably formed by the workers of a plant about to be closed by its corporate owner), intellectual, and human resource co-operatives to protect marginal works. Several provinces have programs to support them, most noticeably Quebec, which has over 200. (see Co-operatives in Canada, Co-operatives Secretariat, Ottawa, 1992, p. 9).

community resources -- human, physical, organizational, and so forth".<sup>13</sup> In philosophy they resemble co-operatives: economic development as a means to social betterment; and they too represent part of a "third sector". This School may be compared to the Co-operative Commonwealth School and its classical utopianism.

#### Indicators of Success and Failure

In relating the foregoing discussion to the three propositions advanced in the Introduction, a number of factors emerge which are critical in determining the success or failure of co-operatives.

To paraphrase Leo Tolstoy, it could be said that all successful social movements resemble one another, but each unsuccessful movement is unsuccessful in its own way. That suggestion could equally well be applied to the co-operative movement, and the co-operative housing movement. However, while this thesis does demonstrate that those co-operatives which succeed do so for reasons which have much in common, it also reveals that those which fail do so for reasons which are often not dissimilar.

Many factors govern whether or not a social movement, or for that matter any individual co-operative, may be judged to be successful or unsuccessful. However, it is suggested three interrelated factors are particularly important in determining

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<sup>13</sup>"Community Economic Development: An Introduction to an American Strategy" Memorandum No. 4, Institute for New Enterprise Development, Boston, 1980, p. 9.

the quality of results achieved. The first is how intelligently and vigorously resources are employed in the pursuit of the social objective. The achievement of a group objective hinges on there being a collective understanding of and commitment to what must be done, when, by whom and with what resources. The second factor is the degree to which the state provides a positive environment within which co-operativism and co-operatives can flourish. Co-operatives are legal entities and thus require state legislation to permit their creation and operation. Governments may prevent, tolerate, actively promote or even subsidize their operation. The third critical factor is the extent to which external relations and tensions, issues and even conflicts are recognized, effectively managed, and resolved or deflected.

The success or failure of any enterprise, including a co-operative, can be indicated in a variety of ways and to various degrees. For example, and at one extreme, complete success may be indicated when all initially-identified objectives have been completely achieved (even though subsequent events may have meant completely different objectives should have replaced them).<sup>16</sup> At the other extreme complete failure could be indicated if no initial objectives were even partly met (even though new and more appropriate-to-

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<sup>16</sup>Premature confidence in a strong financial future may have given high priority and most funds to social objectives, and resulted in their achievement but the bankruptcy of a co-operative.



the-changing-times objectives were introduced and completely achieved).<sup>17</sup>

While it is pertinent to discover whether or not initial objectives remained valid and were achieved, it is at least as pertinent to examine all the results achieved -- positive and negative, economic and social, permanent and temporary" -- before attempting to determine the measure of relative success or failure of an individual co-operative or for that matter, a co-operative housing movement.

In the practical world mere survival is often recognized as success, with survival being based only on having an at least break-even financial performance and, for co-operatives, being able to distribute an acceptable dividend.

In subsequent chapters and in Appendix Three the co-operative experience, based on that of housing co-operatives, will be explored and reasons pinpointed for their successes and failures, especially in terms of the social imperative and relations with the State and other external parties.

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<sup>17</sup>This could occur if a co-operative's initial objectives failed to recognize the need to foster positive relations with the State and with other external bodies and concentrated exclusively on internal affairs; subsequently the withdrawal of State subsidy was threatened and the neighbourhood petitioned for the closure of the co-operative. The threat and the petition were repulsed but no initial objective achieved.

<sup>18</sup>For example,, early house building co-operatives had as their objective the building of decent affordable houses -- which they did, but they also vastly improved the quality of life and financial security of the families accommodated, and developed skills.

**Part One**  
**The British Tradition**

## Chapter Two

### The Socioeconomic and Political Environment of Early Nineteenth Century Britain

This chapter describes the social, economic and political forces that shaped the birth of a number of movements for social reform, including the modern co-operative movement. These forces grew out of the living and working conditions of the newly proletarianized workers and the negative reactions of the factory owners and politicians to appeals for the improvement of those conditions. These social movements had their origin in the Industrial Revolution in the Europe of the late eighteenth and early nineteenth centuries.

The Industrial Revolution began slowly and gathered momentum, particularly when the Napoleonic Wars ended. It occurred first in Great Britain and most evidently in and around the city of Manchester, where the manufacturing economy was based on cotton. Within half a dozen decades "machine power largely replaced human muscle power...and the giant factory replaced the home workshop" (Richardson, 1977: 2). All industries were affected but cotton was in the forefront and unprecedented social turbulence and misery resulted. From being a rural cottage industry with self-employed cleaning, carding, spinning and weaving, cotton production shifted to what Blake termed "the Dark Satanic Mills" as the result of a series of inventions: John Kay's flying shuttle in 1733; James Hargreaves' spinning jenny, Arkwright's water frame and

Watt's steam engine in 1769-70; Compton's mule of 1779, and above all Samuel Cartwright's power loom of 1785. Rapid improvements to these inventions, their productivity and the harnessing of them together for installation in new factories rendered uneconomic the home-based hand loom weaving industry." Some of these weavers found employment tending the machines in these factories (most evidently women and children). They competed for work with "ever-flowing streams of cheap labour from the countryside" (Bailey, 1955: 10)...made available as a result of land enclosures, "thousands of children supplied by the workhouses" (Bailey, 1955: 9), discharged soldiers after 1815, and impoverished Irish immigrants arriving at the rate of up to 40,000 a year. All to fuel the appetites of an age driven by the theory of free competition championed by Adam Smith, the Manchester School, and the fiercely competitive industrialists.

The Industrial Revolution did not involve the overthrow of the established political order, but the changes it brought about grew to immense proportions in the early nineteenth century and "have left marks as deep and tangible as any left by a major political upheaval" (Burton, 1975: 226). It is perhaps no coincidence that the modern Co-operative Movement

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"S.D. Chapman explains in The Cotton Industry in the Industrial Revolution (Macmillan, London, 1972), that "the general adaption to power looms was deferred until the investment booms of 1823-5 and 1832", p. 25.

had its genesis in the town of Rochdale, a satellite community of the city of Manchester, where those changes were most acutely felt between 1815 and 1845. This period of some 30 years began at the end of the Napoleonic Wars and ended at the beginning of the period when legislation began to be passed and implemented to improve the lot of those who had been so wantonly exploited.

### Working and Living Conditions

Much has been written on the working and living conditions of those whose lives were shaped by the Industrial Revolution in Manchester and elsewhere. Some writings suggest conditions to have been tolerable if not pleasant.<sup>20</sup> However,

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<sup>20</sup>Each generation tends to look back to a Golden Age, an age which is seldom as good as nostalgia suggests. The period prior to when the Industrial Revolution gathered real momentum was no exception. Cotton manufacturers had carried on a small-scale cottage-based industry for more than a century before the inventions of Cartwright et al. began to revolutionize the industry. William Radcliffe, author of Origins of Power Loom Weaving, regarded the period 1783 to 1803 as the golden age of hand loom weavers:

Their dwellings and small gardens clean and neat -- all the family well-clad -- the men with each a watch in his pocket, the women dressed to their own fancy -- the church crowded to excess every Sunday -- every house well furnished with clock in elegant mahogany or fancy case...many cottage families had their own cow, paying so much for the summer's grass, and about a statute acre of land laid out for them in some croft or corner, which they dressed up as a meadow for hay in the winter.

(quoted in Richardson, 1977: 4-5)

While Radcliffe's almost idyllic picture may not reflect an altogether comprehensive and accurate image, it is nonetheless true the hand loom weaver and his family were essentially self-employed "craftsmen and women who, by the standards of this time, earned a good living" (Richardson,

the vast majority who have written describe conditions which even they (writing at the time when the majority of the population received little respect) found deplorable.

Witness, for example, the Scottish colliers (coal miners) who until 1775 "were ascripti glebas, that is they were considered part and parcel of the colliery where they worked -- in short they were bought and sold as slaves as they formed part of the estate when it was sold" (Burton, 1975: 42). As Burton explains these colliers worked and lived in cramped, damp, dangerous and unsanitary conditions.

Later and when the revolution was well-advanced, General Sir Charles Napier commanding the Northern District<sup>21</sup> said in 1839:

Manchester is the chimney of the world. Rich rascals, poor rogues, drunken ragamuffins and prostitutes form the moral; soot made into a paste by rain the physique, and the only view is a long chimney: what a place! The entrance to hell realized.

(Napier, 1857: 56-57)

In a more critical and specific vein, Alex de Tocqueville, visiting the city in 1835, noted,

...the absence of government and the prevalence of the Irish, the crowded and dreadful housing, the unclean and unpaved streets, the absence of sanitary conveniences, the disastrous separation of the classes, the enormous factories, the bad and unhealthy appearance of the working people.

(Tocqueville, 1958: 61)

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1977: 5).

<sup>21</sup>The troops had been stationed in all major towns to guard against civil insurrection and disturbance.

Alex de Tocqueville compared the costs with the benefits as follows:

From this foul drain the greatest stream of human industry flows out to fertilize the whole world. From this filthy sewer pure gold flows. Here humanity attains its most complete development and its most brutish; here civilization makes miracles and civilized man is turned back almost into a savage.

(Tocqueville, 1958: 93)

But it was Friedrich Engels, collaborator of Karl Marx and son of a well-to-do Rhineland cotton manufacturer, who wrote in the greatest detail following his 20 month work-study period living in Manchester in 1843-44. He is worth quoting at length on the Irish immigrant:

The rapid expansion of British industry could not have taken place if there had not been available a reserve of labour among the poverty-stricken people of Ireland...fifty thousand coming in year by year...40,000 in Manchester. They are uncouth, improvident, and addicted to drink...and introduce their brutal behaviour.

(Engels, 1958: 104)

Then writing about "the enclave of Little Ireland which lies in the bend of the Medloch" (a central Manchester river) he paints a vivid picture of it as

...surrounded by factories and embankments and below the level of the river. Four thousand people live in it, most of them Irish; or rather they wallow in it, along with pigs that thrive upon the garbage and offal in the streets. Large numbers live in porous cellars, and the density of habitation is ten persons per room.

(Engels, 1958: 195)

Elsewhere Engels says the immigrant Irish had degraded English workers -- lowering their standard of living and their

behaviour, and widened the gulf between capitalist and worker.<sup>22</sup> But living and working conditions were bad in all the towns, such as Rochdale, and the scores of small cotton mill communities huddled in congested valleys to the north and east of Manchester, where could

...be seen most clearly the degradation into which the worker sinks owing to the introduction of steam power, machinery and the division of labour...then no more those huge working-class communities...inhabited solely by workers, factory owners and petty shopkeepers...badly planned and badly built...dirty courts and back alleys.

(Engels, 1958: 50-51)

For the vast majority of cotton workers in Manchester, Rochdale and other nearby urban centres the story is of "beds that never grow cold" (one 12-hour shift worker replaces another in the same bed), and of overwork and brutality in the pages of the 1833 Report on the Employment of Children in Factories. The conditions were such that in "Manchester...nearly 54% of the workers' children die before attaining their fifth birthday...while only 20% of the children of the middle class die before they are five" (Engels, 1958: 121).

Thus children lived and died. What of women? We know that women and children were usually preferred to men in the

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<sup>22</sup>While it is probably fair to say that most workers and their families worked and lived in crowded, polluted, ill-lit and ventilated factories and houses, not all suffered in this fashion. We know that some, including young orphans and apprentices in the small semi-rural communities of Styal in Cheshire and New Lanark in Scotland, enjoyed decent conditions and were well-treated.



textile industry -- for most jobs.<sup>23</sup> They had to be satisfied with lower wages - or the wages of sin as The Times of October 12, 1834 noted in a page 4 leading article:

...that within the most courtly precincts of the richest city on GOD'S earth, Manchester, there may be found, night after night, winter after winter, women -- young in years -- old in sin and suffering -- outcasts from society -- ROTTING FROM FAMINE, FILTH AND DISEASE.

As the pace of industrialization and urbanization gathered momentum after 1815, the traditional stability and conservatism of the agrarian economy was overpowered by industrial capitalism which "evolved its own morality...breaking up the old order and demanding the right to impose its own standards, economic, legal and moral, upon the community" (Bailey, 1955: 10).

As Louis Adamac explained 100 years later in Maritime Techniques in Consumer Co-operation, the introduction of machinery and wage labour caused skilled artisans "once proud of their crafts" to be "reduced to common laborers, mere appendages, servants to the machines", and that "labour became a commodity...no different from raw materials or coal" (1939:6). These workers lost more than their crafts, they lost their roots, their sense of community, their sense of worth and self-respect and became alienated and victims of a division of labour with lives dominated by the speed of

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<sup>23</sup>See G.W. Daniels, The Early English Cotton Industry (1920), and Encyclopaedia Britannica, 1962, Vol. 6, pp. 551 and 557.

machinery and the demands of overseers to increase production.

After the Napoleonic Wars the economy of Britain was volatile; each minor recession was succeeded by a period in which the market was glutted with cheap goods thereby holding wages down to their recession level...however, the numbers of weavers continued to increase over the first three decades of the nineteenth century as thousands of "agricultural workers, demobilized soldiers, Irish immigrants continued to swell the labour force" (Thompson, 1980: 307), and wages fell.

From Table One it is apparent that the weavers of Lancashire received wages that generally fell to one quarter of their 1800 level through a time when their cost of living fell by only one third. In 1842 it should be noted the unemployed, scarcely employed and the destitute numbered 1,427,187 and rose to 1,539,490 in 1845 (Cole, 1946: 305).

Table One  
Weavers, Wages and the Cost of Living  
1800-1840

Years	No. of Hand Loom Weavers	No. of Power Looms	Weaver's Average Wage	Cost of Living*
1800	154,000	-	21s.	160
1810	200,000	-	14s.	177
1820	240,000	12,000	8s.	140
1828	240,000	55,000	7s. 3d.	106
1832	200,000	85,000	6s.	109
1840	-	-	5s.	122

Sources: Richardson, 1977: 10; Cole, 1946: 203 and 205

\* 1790 = 100

Having described the quality of the living and working conditions of the hundreds of thousands of textile workers that fuelled the expanding cotton industry, it will be recognized that those workers were not only economically deprived; they also suffered from social and political deprivation.

#### The State and New Industrial Capitalists

Dr. James Kay, Secretary of the Manchester Board of Health, writing of the 'Moral and Physical Condition of the Working Classes employed in the Cotton Manufacturers in Manchester', 1832, described the male worker as "he sinks into sensual sloth, or revels in more disfiguring licentiousness. His house is ill-furnished, uncleanly, often ill-ventilated, perhaps damp...", and as another observer of that scene said, "workers...debilitated by long hours in unhealthy factories, exposed to epidemic disease, were further weakened by adulterated food robbed by shortweight and short measure" (Richardson, 1977: 12). And, it should be added exploited by the truck system and constant debt to the company store.

One reason why the area was ill-planned, ill-serviced and ill-governed was the lack of municipal government. A Lord of the Manor held sway over the area and was assisted only by "a steward, a borough-reeve and two constables", and "the only way in which working people could make themselves heard was by riot and window breaking" (Richardson, 1977: 13).

A prominent social historian wrote that:

A rampant individualism inspired by no idea beyond quick money returns, set up the cheap and nasty model of modern industrial life.. The aristocratic ruling class enjoyed its own pleasant life apart, and thought town-building, sanitation and factory conditions were no concern of government.

(Trevelyan, 1948: 467)

He continues by referring to the:

...municipal lethargy and corruption which had long lost touch with the civic tradition and public spirit of mediaeval corporate life and the sudden growth of new factory quarters which did not disturb the slumbers of the town oligarchies, who were so well accustomed to neglect their old duties that they were incapable of rising to the new call.

With few exceptions, those in authority and positions of power -- members of parliament, the so-called landed aristocracy, churchmen and the new industrial capitalists -- regarded the conditions and suffering of the workers as unavoidable and natural; "how could the propertyless masses ever deserve and enjoy better standards of living?" (Bailey, 1955: 0). As C.R. Fry said in his Life and Labour in the Nineteenth Century,

The State has not been the pioneer of social reform. Such a notion is the mirage of politicians. It has merely registered the insistent demands of organized voluntary effort or given legal recognition to accomplished facts.

(Fry, 1945: 54)

In somewhat more colourful terms Holyoake, describing pre-1890 days, noted "our patron and masters held then the exclusive patent for improving the people, and though they made poor use of it, they took good care that nobody infringed it" (Holyoake, 1971: 65).

Sir William Richardson studied the reasons why this

Establishment was "so consistently hostile and indifferent to the conditions of the working people" (Richardson, 1977: 13). He is worth quoting at some length; he wrote that, "...it wasn't because they were not made aware of those conditions",<sup>24</sup> and suggested that there were probably two main resources, "one the ugliest, was sheer greed", and the other that "they believed, or possessed, that economic forces had the power of natural laws, were independent of the control of men", while their "consciences were soothed by the argument that if wages were increased and hours reduced the workers would only spend their extra leisure and money on drink".

Richardson went on to note that,

Whenever they turned to authority for help the workers were rejected. They were told they must be obedient to economic laws, that in time they would benefit from the new machinery. They learned through many disappointments and much bitter experience, that there was only one source of help -- themselves.

(Richardson, 1977: 15).

Rather than improving the lot of industrial workers the legislation passed by the British parliament depressed their well-being: the Combination of Workmen Act of 1798-9 outlawed unions, Habeas Corpus was suspended in 1817, the 'Gagging Bill' of 1817 restricted public assembly, six Acts were passed in 1819 alone to constrain and control conduct with the aim of

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<sup>24</sup>No less than nine reports were submitted to parliament between 1831 and 1844 on subjects ranging from the employment of children in factories, the operation of the Poor Laws, the sanitary conditions of the labouring population, the employment of women, the state of large towns, and the inspection of factories.

limiting industrial unrest, and then the notorious Poor Law Amendment Act of 1834.

This last piece of legislation deserves some examination as it not only caused considerable distress but exacerbated the already evident distrust and alienation that workers and the unemployed felt for those who ruled their lives. In order to limit the cost of relieving the poor this Act required that no relief would be given unless those requiring and qualifying for assistance moved into a workhouse where the doctrine of "less eligibility" prevailed. This applied to all classes of pauperism, whether able-bodied or not..."By irksome restrictions and the reduction of social amenities to a minimum, by depressing food and chilly religion, the state of the workhouse inmates was to be made less desirable than that of the most unfavourably placed independent worker" (Fry, 1945: 95-96).

Countless petitions were launched against this Act, but all failed. However, in some parts of Lancashire and Yorkshire there were organized attempts to prevent its implementation. The Act "made destitution the basis of relief and implied that the unemployed man was alone responsible for his poverty, but it did end the corruption of the subsidy in aid of wages principle" (Elliot, 1937: 26).

The State, represented by parliament, therefore proved it could not be expected to address the distress of the worker or the unemployed. In his A Concise Economic History of Britain

Court underlined "the contrast between the attention given by the State to the interests of the owners of capital and its neglect of those of labour" which "forced itself on the notice of thoughtful working men" (Court, 1954: 152).

What then was the attitude of the newly rich and powerful industrial capitalists? George Rude, in reflecting on the first half of the nineteenth century, said that,

In the period of competitive capitalism...the new rulers (the manufacturing bourgeoisie) adopted as their heroes Smith, Malthus and Bentham and, with these ideological props, laced with one or other branch of evangelical Christianity, they aimed

- 1) to introduce Free Trade and make Britain into the 'Workshop of the World';
- 2) to curb the lingering political domination of aristocracy by parliamentary and local government reform; and
- 3) to gain full control of the hiring and firing of labour by keeping workers' "coalitions" and other impediments to the freedom of trade at bay.

(Rude, 1980: 147)

This "industrial oligarchy had subverted the State in a way oppressive of the people and offensive to the social conscience of idealists and reformers, bringing them into sharp opposition to authority" (Elliot, 1937: 26). One of the results was the passage of the Reform Act of 1832 which, however, did little more than enfranchise middle-class adult males thereby shifting the balance of power in parliament from the landed aristocracy to industrial capitalists and provided no betterment to their workers.

As Bronterre O'Brien, a radical journalist noted bitterly, the Reform Act had "united all property against all

poverty" (quoted in Gidney, 1975: 7).

However, some manufacturers feared other manufacturers were pushing weavers too far. At a meeting in the small community of Bolton-le-Moors, north of Manchester, in April, 1826, they "resolved that: this meeting highly disproves of the conduct of those Manufacturers, who, to the manifest injury of the Weavers and fair Traders take such an undue and unjustifiable advantage of the deplorable state of the depressed Weavers in the reduction of Wages, from what is given by other Houses". No improvement resulted, but later that same month there was a systematic smashing of power looms and cloth dressing machines in the area (Burton, 1975: 223).

The Factory Act of 1833 applied to textile mills only, and prohibited the employment of children below the age of 9, limited the working day of those between 9 and 13 to nine hours, and the length of such a day for those aged between 14 and 18 to 12 hours. Children it should be noted were often the main source of a family's income, "earning twice as much as their parents who are too old or too respectable to become factory hands" (Fry, 1945: 179). The restrictions imposed by this Act on children and youths were avoided "when parents pushed their children into colliery employment" (Fry, 1945: 187).

This same Act constituted another piece of what appeared to be progressive legislation. By restricting the hours children could work in factories it was thought they would



have "a dangerous amount of spare time". Accordingly, it was required "that factory children should be educated and threw responsibility on the employers in whose mills they worked" (Fry, 1945: 264). This proved to be a farce as not only were the children too tired to learn after a 9 or 12 hours day tending machinery but, according to Engels at least, such schools were used by the mill-owners to inculcate strict obedience in the children's minds (Engels, 1958: 211).

The mill-owners' preference for child labour was reinforced by writers such as Andrew Ure, the author of The Philosophy of Manufacture who said in 1835,

Even at the present day, when the system is perfectly organized and its labor lightened to the utmost, it is found nearly impossible to convert persons past the age of puberty, when drawn from rural or from handicraft occupations into useful factory hands. After struggling for a while to conquer their listless or restive habits, they either renounce the employment spontaneously, or are dismissed by the overlookers on account of inattention.

(quoted by Burton, 1975: 74)

Early in the nineteenth century the new science of political economy advanced what were then termed immutable economic laws. These laws were three in number:

1. that the economy if left by the State to regulate itself, would do so more effectively for the benefit of the community as a whole than the State could hope to do if it tried to intervene for that purpose;
2. that private property was sacrosanct;
3. that population had a tendency to increase faster than the means of

subsistence."<sup>23</sup>

(Engels, 1958: 377)

This same fledgling science, "by equating wealth with welfare, elevated the pursuit of material gain into a philosophy of life" (Engels: 409). Thus political economy was "perverted into an instrument for the exploitation by the rich of the labour of the poor" (Engels: 412). To the extent these political economists were supported by the Establishment one can conclude that "he who pays the piper calls the tune".

Writing in the early 1830s Scrope said, "the whole science...has been founded on an entirely false assumption", while Coleridge concluded "what solemn humbug this political economy is". It was not until mid-century that Karl Marx and Henry George argued for the abolition of profit and the abolition of rent and caused many of the working classes to believe that an economic society might be based on some other motive than competition, namely the motive of social use rather than private gain.

Through these same years, 1815-1845 the intensity of social unrest increased as distress grew and neither government nor the industrial capitalists did anything significant to improve the lives of the workers. After the Luddites had waged a considerable campaign in the years 1811-13 to destroy machinery in the cotton, woollen and knitting

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<sup>23</sup>"Malthus had said private charity and public provision for the poor are useless since they merely serve to keep alive -- and even to promote the growth of -- a surplus population". (Engels: 300).

trades one incident followed another with increasing frequency and magnitude. The following is not an inclusive account of such incidents, but will illustrate the diversity and the reaction of the authorities: a march of hundreds of 'Blanketeers' (unemployed cotton workers carrying blankets to sleep in during the march) on London in 1817 was halted by dragoons, but their petition was presented to Lord Sidmouth, Home Secretary, who confirmed that repression was the only answer to working-class protest; two years later in 1819, tens of thousands of workers and the unemployed gathered peacefully in St. Peter's Field, Manchester, to demonstrate for parliamentary reform -- 11 of them were killed and 600 injured when the Manchester and Cheshire Yeomanry, and the Fifteenth Dragoons were ordered to charge by the magistrates (the business elite); between April 24 and 30, 1826, every power loom within a six mile radius of the South Lancashire town of Blackburn was destroyed; in 1834, six working men in Tolpuddle, who were found guilty of joining a union, were transported to Australia.

But violence, although the most spectacular feature of this period did not have the mass support that the government believed it had. In industrial terms the ordinary man and woman wanted a living wage and a decent life for their families, while in political terms they were beginning to realize they needed a say (i.e., a vote) in running the country.

### Conclusions

Through the early part of the nineteenth century Industrial Capitalism unfettered by legal, ethical or economic constraints, ran roughshod over the unorganized and powerless working class who struggled to survive without self-esteem and any sense of community. Few could afford the goods they produced and most were obliged to acquire their foods at the company store under the truck system or its equivalent. Their social imperative was the most basic: to survive.

Early in Chapter One Smelser's conditions for the formation of social movements were described. In the Britain of the early nineteenth century the conditions were ripe for concerted social action by one particular group, the urban working class. The social movements formed by those workers and their achievements are detailed in the next chapter.

Chapter Three  
Early Nineteenth Century British  
Social Movements

Between 1815 and 1845 British industrial workers struggled mightily to obtain a measure of political suffrage, economic betterment and social justice. Realizing that as single individuals they had no power to achieve their ends, they joined together in movements like the Co-operative Movement, to work for those improvements. As unemployment rose after the end of the Napoleonic wars, and wages dropped faster than the cost of living, an increasing number of people experienced hardships, causing these movements to gather momentum.

As Richardson explains, the early co-operators and their co-operatives "were part of a many-sided and many-voiced protest by working people at the degradation of their economic and social status" (1977: 17). These movements of protest overlapped in time and membership; sometimes complementing and sometimes clashing with each other. Those few industrial workers blessed with the energy and the opportunity to be publicly active,

...could have marched to Peterloo for political reform, lived briefly in an overnite community, studied in a mechanics' Institute, been a member of an illegal trade union, agitated for the Reform Act of 1832, and against the hated Poor Law Act of 1834, drilled as a physical force Chartist, helped to found...a consumer Co-op and perhaps in the evening of his days, turned to Methodism in the hope that

there would be a better future in the next world if none was to be found in this.

(Richardson, 1977: 18)

While few if any workers were as active as Richardson's hypothetical super-activist, all had their own experiences and knew of the experience, the successes and failures of others. The totality of these experiences enabled them to visualize what lay ahead, and the prospect was bleak early in the 1840s.

It is generally recognized that the modern Co-operative movement was born in Rochdale, England, in 1844. That movement was one of several which flourished through the period 1815-1845. Some, like the Co-operative, bore fruit, others, like the Chartist, did not. But all were related and many individuals supported more than one movement. In addition to the co-operators there were the largely industrial workers, the Unionists, struggling for legal recognition, and the power to influence government and their employers in obtaining a larger share of the profits of their labour and better working conditions. Then there were those who concentrated on universal enfranchisement as a priority and a necessary first step to meaningful socio-economic reform, the Chartists. Also there were those who believed in the creation of largely self-contained communities to give their members not only better living and working conditions but a stake and a say in how the community was governed, the Communitarians. Other movements existed, for example the Christian Socialists, but let us now concentrate on those introduced above. Each of

them had a considerable influence on the scope and character of the Co-operative movement as it was conceived and born. It is probably fair to say that the Co-operative movement would not have had the shape and the success it has had without any one of them.

In this chapter we shall first review the fortunes of the trade unionists (and their economic and social goals), then the Chartists (and their political goals) and thirdly the Communitarians (and their socio-economic goals). From those reviews we shall discover how the co-operators were influenced to 1844.

### The Trade Unionists

Trade unions were outlawed by the Combination Acts of 1758-1800, largely to repress popular movements during the period of the revolutionary wars on the continent of Europe. These Acts were repealed in 1824 (largely due to the efforts of Joseph Hume and Francis Place). However, in 1825 the law was again tightened when unions, while tolerated, could only function within tight restrictions. In spite of these legal constraints workers were able to organize before 1824 disguised as benefit societies which were legal and registered. As early as 1801 there were 820 such societies in the county of Lancashire alone. After 1824 the unions grew rapidly, and their membership became increasingly vocal for reform, particularly after they remained voteless under the Reform Act of 1832. The establishment -- the church, the law,

the army, and of course those who stood the most to lose should organized labour gain any ground, the industrial capitalists -- were all against them. The ideas of Robert Owen influenced the workers in launching some co-operative production ventures and in forming the Grand National Guild of Builders in 1833, and then he took the initiative in attempting to combine all unions with a Grand National Consolidated Traders' Union in 1834. An attempt which failed due to conflict with both the government and the employers, and which collapsed completely when a group of Dorchester labourers, the "Tolpuddle martyrs", was found guilty not of combining but of taking unlawful oaths. While not destroyed, the movement was fragmented into local societies and it was not until 1845 that the National Association of United Trades for the Protection of Labour was established -- with one of its objects being the creation of producer co-operatives. However, this organization withered away within a few years.<sup>28</sup>

Through the years 1815-1845 then the constrained worker organizations were able to exert minimal influence over government and employers. The measure of employer control was compounded by high unemployment which persisted through most of those years and by the chains of debt which bound workers to the Tommy shops of the employers. Industrialization surged ahead and prospered as labour had no alternative but "to

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<sup>28</sup>Information in this paragraph is based on a reading of the 1962 edition of Encyclopaedia Britannica Vol. 22, pp. 374 and 375.



submit to its demands and present themselves as mere instruments of production to be used for profit-making" (Bailey, 1955: 11).

### The Chartists

In 1836, the good times that the British economy had enjoyed for the previous four years ended. Bad harvests pushed up the price of food, the trade boom collapsed and wages were reduced. The next six years have been called "the grimmest period in the history of the nineteenth century", (Gidney, 1975: 13), when an increasing number of the unemployed faced starvation or the workhouse. Pent up anger became rage, bitter discontent grew fierce and mad, and turned the fledgling Chartist program into a mass movement.

The Chartists were perhaps the most powerful reform movement in the nineteenth century. This movement was developed out of the London Working Men's Association which was established in 1836, largely in reaction to the Reform Act of 1832 and "the collapse of the Syndicalist movement launched by Owen in 1834" (Tawney, 1964: 19). Initially, this Association's objects were parliamentary reform, freedom of the press, and to collect and publish information upon social and industrial issues.

Supported by other desperate radicals in other parts of the country and led by William Lovett,<sup>7</sup> the Association

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<sup>7</sup>"A man of melancholy temperament soured with the perplexities of the world, but possessed of great courage and persevering in his conduct" (Place, quoted by Tawney, 1964:

drafted a parliamentary bill that became known as "the Workers' Charter". This bill had six major points: the vote for all men over 21 years old; a secret ballot (to protect voters from influence); the payment of members of parliament and the abolition of property ownership as a qualification for them (so that the poor could sit in the House); the equalization of the number of people in each constituency to ensure fair representation; and an annual election of M.P.s to better ensure accountability.

To paraphrase Marx, the movement was not only political, it was economic too; it marked the entry in politics of a new class, and represented the English counterpart of the continental revolutions of 1848. It was a revolt against capitalism and captured the support of at least a million working people,

who were too wretched to be willing to subordinate the passion for economic change to the single issue of political reform...after two generations of social misery and thirty years of economic discussion.

(Tawney, 1964: 18)

In essence Chartism was an attempt to make possible a social revolution by the overthrow of the political oligarchy. The aims of the movement were socio-economic equality, or in the phrases of G.J. Harney's London Democrat (April 27, 1839) "that all shall have a good house to live in with a garden back and front...good clothing to keep him warm and...plenty

of good food".

After the publication of the 'Charter' in June 1837, the movement gathered momentum and supporters. A National Petition proclaimed, "the few have governed for the interest of the few, while the interest of the many has been neglected, or insolently and tyrannously trampled upon" (Lovett, 1876: 479). In July, 1838, 150,000 people gathered together in Glasgow, 200,000 in Birmingham a month later, and a quarter of a million in Manchester in September. A petition, signed by 1,280,000 people, was presented to parliament. In spite of the declaration (or perhaps because of the hardly concealed rage of that declaration) that "we have resolved to obtain our rights, peaceably if we may, forcibly if we must; but woe to those who begin the warfare with the millions" (Gidney, 1975: 29) and many outbreaks of violence, the motion to consider the Petition was defeated in the Commons on July 12, 1839.

Lord John Russell, the Home Secretary, was quoted by The Times the following day to have said that votes for all would not aid "to the welfare, or the comfort, or the prosperity of the nation, or even to the advantage of a majority amongst the petitioners themselves".

The Chartist leadership decided to call a General Strike for August 12. However, this was called off in the face of General Napier's reasoned argument that "what would their 100,000 men do with my 100 rockets wriggling their fiery tails among them, roaring, scorching, tearing, smashing all they

came near?" (Napier, 1857: 69). After this strike was called off and the failure of an insurrection in Newport, Monmouthshire, on November 4, its leaders (members of a secret military organization of "physical force men") were transported overseas and every other Chartist leader of importance jailed for one or two years.

But Chartism was not dead. The movement, now led by Feargus O'Connor,<sup>2</sup> reformed as the National Charter Association and, supported by many trade unionists, promoted a second petition which obtained 3,315,752 signatures and was presented in Parliament on May 2, 1842. As with the earlier petition, it was rejected partly on the grounds that it advocated the public confiscation of property, the overturn of existing organizations, the ruin of the rich, and making the poor poorer (summary of Mr. Macauley's remarks, Hansard, third series, cols. 13-90, 3 May, 1842). After this failure a general strike was called for August 12, 1842, but, while many ceased to work on that day, O'Connor is said to have lost his nerve and the strike and the movement collapsed. But O'Connor revived it as a newly elected M.P. in 1847 and, riding on the enthusiasm generated by the 1848 continental revolutions, gathered 6 million signatures (according to O'Connor) for

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<sup>2</sup>Feargus O'Connor led the "physical force men", and an example of his fiery oratory and invective follows: "You, gentlemen, belong to the big-bellied, little-brained, numbskull aristocracy. How dare you hiss me, you contemptible set of platterfaced, amphibious politicians?" (Encyclopaedia Britannica, 1962 edition, Vol. #5, p. 309).

presentation to Parliament on April 10, 1848. The government believed the procession arranged to present the petition would trigger a revolution. London was garrisoned heavily which caused the procession to be abandoned. The government said the petition was supported by fewer than 2 million signatures.

Third time unlucky. Chartism did not rise again. It always suffered from the lack of effective organization, it did not represent rural Britain, and had been internally divided with moderate and radical factions, persuasion versus revolution, economic versus political priorities, and north versus south, and perhaps above all by the internal disputes between the "moral force men" (Lovett and O'Brien) and the "physical force men" (O'Connor and Harney).

The erratic strength of the Chartist movement and its failure to achieve any of its objectives of parliamentary reform caused many working class reformers to re-examine the ideas of Robert Owen and the early co-operators. The Chartists were a comparatively recent movement. They were preceded, paralleled and succeeded by those supporting trade union, communitarian and co-operative solutions.

#### The Communitarians

An understanding of the role played by communitarianism is necessary if only because there is a strong element of it even today in the Co-operative movement. Would-be and actual community builders represented a small part of the reform

movement of early nineteenth century Britain.<sup>28</sup> But for a few brief years they must be considered a major segment of that movement.<sup>29</sup> There were strong multi-lateral links between the

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<sup>28</sup>They were considerably more numerous and successful in the USA as the concept was "without strange and uncomfortable goals...and free of all narrow and sectarian restrictions" (Bestor, 1970: 93).

<sup>29</sup>The history of communes is at least as long as that of co-operatives. The Acts of the Apostles 4:32-35 describe the essence of a communal society,

The faithful all lived together and owned everything in common; they sold their goods and possessions and shared out the proceeds among themselves accordingly to what each needed...They shared their food gladly and generously.

Through subsequent years and at different times, in different places, and for different reasons, men and women have felt sufficiently disenchanted or persecuted to uproot and join with kindred spirits in a new beginning. "Communalism the idea of a withdrawn fellowship, is a principle of wide and diffuse appeal that can be invoked in the name of many different ends" (Abrams, 1978: 2). The artists and craftsmen who gathered around the English theologian, Baeda (the "Venerable Bede") at the monastery at Jarrow at the beginning of the eighth century, represent one of the earliest and, until recently, most common forms of commune. Religious communes have had a strong tendency to be the most durable, perhaps chiefly because they have had a unifying spiritual (rather than material or economic) motivation, and strong leadership. With few exceptions other communes have been short-lived.

Well before the Industrial Revolution, Thomas More in his 1516 Utopia, had contemplated an island of social co-operation and physical order where work is shared equitably, and town and country is in balance, and a common code of conduct served the common interest.

In 1695 John Bellers published Proposals for Raising a Collodge of Industry of all Usefull Trades and Husbandry which contained the seeds of co-operative ideas including: "Self-help and mutual aid; a voluntary, democratic and equalitarian association for economic purposes, and direct relations between producers and consumers and the elimination of middlemen" (Digby, 1965: 14).

Union, Chartist, Communitarian and Co-operative movements, especially as the 1830s unfolded. The focus of this thesis is on the social imperative in co-operative housing which has had and still has elements of the communitarian ideology.

The modern Co-operative movement was conceived by those who blended a dream with a practical expediency. On the one hand, the "dreamers", who advocated utopian, millenarian or idealist solutions for others without giving sufficient thought to the practical means of achieving those solutions; and, on the other hand, by the more active and intelligent working men who were concerned with taking early and practical action to achieve largely economic results for their personal betterment.

At the end of the eighteenth century the Welshman, Robert Owen (1771-1858), a disciple of Bellers, used his control of the New Lanark Mills in Scotland as the test bed for an experiment to prove that "man is the creature of his environment, and that the habits, styles of existence and moral values of whole populations have been and can be transformed by changes in the conditions, natural, economic and social, in which their lives are spent" (Tawney, 1964: 34). "Ethical, educational and psychological principles were uppermost in Owen's mind...economic organization...being merely a means to an end" (Bestor, 1970: 78). As a despot, albeit benevolent, he was able to prove between 1800 and 1815 that his policies and practices of changing the environment,

changed the person. He translated his "abstract ideas of brotherhood and harmony, of love and union into concrete practices" for the benefit of the 1600 workers at New Lanark (Kanter, 1972: 75). Owen published many essays, addresses, observations, plans and reports, especially during the period 1813-1821. In 1813 a collection of essays was described by him as A New View of Society, or Essays on the principles of the formation of the Human Character and the application of principle to practice. This title confirms Owen's primary interest in the shaping and re-shaping of character. To his credit and at New Lanark Mills he introduced an enlightened educational program, freed workers from child-rearing, cooking and washing by transferring those responsibilities to the New Lanark Community, discontinued the practice of employing children under 10 years of age, emphasized prevention and kindness over punishment and discipline, improved existing company-owned housing and sanitary facilities, reduced working hours and still caused the mills to remain most profitable."

Inspired by his successes at New Lanark, he promoted them as the basis of national reforms and subsequently the creation of villages of industry not only in Britain but in the United States of America.

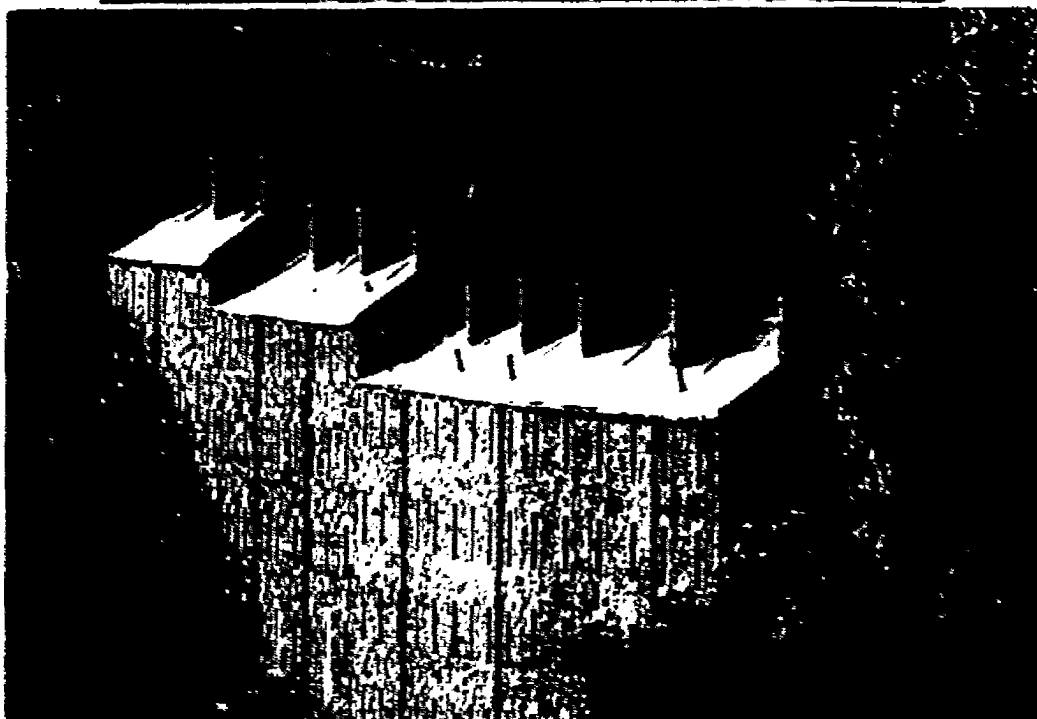
Owen's communal gospel was an eclectic and expanding

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"The profits of the stores" which formed part of the New Lanark Mills complex "were not taken by Owen, but were used for the benefit of the workpeople and for the upkeep of the schools, the scheme resembling a consumer's co-operative store" (Kress, 1941: 5).



Illustration No. 1



New Lanark Mills

Some of the eight residential buildings built between 1780 and 1800. Initially most of the occupants were families with at least three children fit for work for 4 years in the Mill, and each family occupied only one room.

faith:...a society in which the co-operative efforts of partners would supersede the relations between employer and employed. His villages of industry were founded in ~~Northwell; OMbithewell~~ in 1825, Indiana, USA (New Harmony) in 1825, Cork, Ireland (Ralahine) in 1831, and in Hampshire, England (Queenswood) in 1839. None survived for long primarily because Owen did not realize "the exploited class need to create their own future" (Hardy, 1979: 29), and as "all our Millenniums have yet failed because unselfish conduct was expected from people in whom the selfish feelings predominated" (Bray, 1879: 118). As Michael Frost recently said in what was something of an understatement, "he had a slightly irritating habit of thinking he knew best". (The Manchester Guardian Weekly, April 29, 1990, p. 25). Owen also unrealistically looked to the manufacturing class to supply the capital to build his large communities, which he recommended, should have populations in the 800-1200 range, 800-1500 acres and one large building in the shape of a parallelogram. (Report to the County of Lanark, May 1, 1820). His anti-religious beliefs and support for divorce, and what would today be termed "women's liberation", eroded public confidence. While his communities may have failed he convinced thousands that "co-operation, not competition, gave the clue to the future of industry" (Bailey, 1955: 13).

Owen's fundamental belief in the "establishment of ideal communities, in which man, who is essentially good, might

escape the foul environment which odour makes him bad" (Holloway, 1966: 104) was shared by the Frenchman, Francois Fournier (1772-1837) who although "extravagant, chaotic and entertaining, was nevertheless so important to the future of community experiments" (Holloway, 1966: 103). His phalanx was designed to accommodate 1700 people. One example was built in New Jersey in 1843; it lasted until 1854, when it was destroyed by fire after it had been weakened by religious disaffection.

What then of those who advocated a more practical solution? Two individuals are said to have been more successful in the creation or advocacy of socialist communities. The first of these, William Thompson (1785-1833) of County Cork, Ireland, is thought to have "contributed far more to the economic theory of co-operation and socialism than Robert Owen" (Garnett, 1972: 47). Thompson, an Irish landowner, developed a labour theory of value which visualized co-operation (collective self-employment) as a method of giving labour the fruits of its labour. His concept detailed the means of achieving a balanced co-operative community which could be financed with as little as \$6,000 (compared with Owen's \$250,000).<sup>12</sup>

It was Dr. William King (1786-1865), however, who

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<sup>12</sup>Thompson published his ideas in An Inquiry into the Principles of Wealth More conducive to Human Happiness in 1824, and The claims of Capital and Labour Conciliated in 1827.

demonstrated what could in practice be achieved and whose ideas were copied by the Rochdale Pioneers and other successful co-operators. King, a friend of Lady Byron and Elizabeth Fry, helped to found the Brighton Co-operative Trading Association (1827) and the journal The Co-operator (1828-1830) both of which illustrated how societies could be formed which would market goods produced by co-operators for sale to co-operators and at the same time accumulate capital for the Co-operative Communities Owen advocated. The methods by which he intended to finance self-governing communities became part of the essential fabric of co-operation and to that important extent King was nearer than Owen to the practical ideas of the Rochdale Pioneers. Unlike Owen, King was "all for self-help and no patronage from the rich. He was also a sincere Christian" (Digby, 1965: 18). King is said to have been instrumental in the founding of some 300 consumer and producer co-operatives by 1832 as "the wave of association enthusiasm swept over the English working classes" (Fry, 1945: 59-60).

One other community experience deserves mention at this point. Spa Fields, an artisan community was established by the newly formed Co-operative and Economical Society led by George Mudie in 1821. This was an urban community formed within a group of existing houses in Cherkenwell, London, with the object of "establishing a village of unity and mutual co-operation" (Fry, 1945: 59). Spa Fields survived only 3 years

but it was the first community created in accordance with the ideas of Owen as advanced in his blueprint for "villages of co-operation" published in 1820, and it established co-operative trading as a means by which the working class could accumulate their own capital as a prelude to more ambitious schemes of community" (Hardy, 1979: 43). In effect, therefore, it combined most of the ideas of Owen with those of King. The Spa Field co-operators wanted to build a new complex for 250 families, but had to settle for a group of existing houses. The reasons why Spa Fields failed are unknown, although perhaps it fell apart without Mudie's leadership when he left for Orbiston in 1824. Progress reports which appeared in The Economist (Mudie was the editor) were most encouraging until March 1822, when it ceased to be published.

Early communities failed mainly because "they did not grow so much out of the realized and overpowering need of those who joined them as from the dreams of those who advocated them" (Bailey, 1955: 16).

While none of the Owen-inspired communities survived there were many individuals (Owenites who supported his more practical ideas) who retained a hope that small socialist communities built by and for co-operators would form a refuge from the evils of the factory system. As a result virtually all co-operatives formed through the 1821-1845 period had as an objective the formation of a largely self-contained

community.

### Co-operatives

As has been mentioned hundreds of small local co-operatives were formed in the early 1830's by working men "impatient to raise themselves immediately by their own efforts", in contrast to Owen who stood aloof "awaiting large capital gifts before further experiments could be risked" (Thompson, 1980: 872). Thompson continues by noting "this juxtaposition of the little store and the millenarian plan is of the essence of the co-operative mood between 1829 and 1834".

All but a few of these stores failed with the "chief...causes of failure religious differences, the want of legal security, and the dislike which the women had to confine their dealings to one shop" (Lovett, 1876: 36). But, continues Lovett,

much good resulted from the formation of those co-operative trading associations: the availability of pure and unadulterated food; their manufacturing and exchanging with one another various articles...; the mental and moral improvement derived from their various meetings and discussions.

The desire for "community" remained strong as emphasized in The Co-operator on February 22, 1830, "to form a community, thereby giving equal rights and privileges to all". In the interim we have the benefits reported to the Co-operative Congress at Liverpool in 1832 by a Mr. Carson,

...at Lamborough Green...a place so noted for vice and immorality, that it was hardly safe for a

respectable man or woman to go there at any time, one of these societies had been established, and within two or three months they had a well-stocked shop, a school and reading rooms, and instead of going to the public house at night to fight and drink, they went to the reading room, and as they got power, acquired the knowledge which enabled them to use it properly.

(Crisis, 27 October, 1832)

Those who founded these co-operatives "repudiated Owen's authoritarianism and millenarianism but drew upon his social theories and anti-capitalist arguments" (Quarter, 1989: 35).

The People's Year Book of 1926 suggested that the modern Co-operative Movement could be dated from 1826 with the formation of the London Co-operative Society. Before that society was formed the Year Book suggested that earlier experiments in co-operation were,

informed by no living principle, had no large social purpose, and, as all were experiments isolated in particular localities and totally unrelated to each other, they never could contain within themselves even the germs of a great and wide-spreading movement.

(article by T.W. Mercer, p. 13)

While Mercer in this Year Book went on to say that "the schemes of Owen were as much unlike the aims of the first co-operative societies as chalk is unlike cheese", he added that "his propaganda popularized the notion of associated industry". According to Mercer the London Co-operative Society "was a debating Society whose members, mostly drawn from the middle-classes, were eccentric philosophers who believed with Owen that communities were the grand panacea", and who were soon disillusioned when manufacturers refused to

give financial support to the grand designs of Owen. Subsequently, in 1827, they supported the techniques advocated and successfully used by Dr. William King in Brighton in the establishment of the first co-operative store founded on a democratic basis as the Co-operative Trading Association (later renamed Brighton Co-operative Society). The constitution of that Society contains most of the principles and rules of the 1844 Rochdale Pioneer Society which is more commonly recognized as the first successful modern co-operative: goods to be retailed at current (market) prices; members to form management committees; regular accounts available for members' inspection; cash, no credit; employment of members; the establishment of a land community; and education (of children). However, the Brighton constitution did not provide for the dividend system and open membership. The Maltham Mills (Yorkshire) Co-operative Society, established in the same year provided for the payment of such dividends based on the amount of each member's purchases at the store (Fry, 1945: 61, quoting the Co-operative News of 1870), and thus should be credited with the introduction of what is perhaps the single most attractive feature to the millions of people who joined co-operatives in the years following. This factor, while boosting membership, was at the same time more responsible than any other in causing the community-forming objective to be ignored, then removed from Co-operative Society constitutions. The money which was to



have been accumulated towards the costs of acquiring a community was distributed to members.

A co-operative society was formed in Rochdale in 1832 but it failed in 1835 "largely because of giving credit to members" (Chaisson, 1962: 23). However, in 1843, another group of Owenites and distressed weavers formed a study group determined to improve their lives through co-operative action. This group of 27 men and one woman formed the Rochdale Equitable Pioneers' Society the following year and opened a consumer co-operative store in Toad Lane on December 21st, 1844.

There is controversy surrounding the origin of the "Fundamental Principles of Co-operation" and the "Methods of Co-operation" the Rochdale Pioneers adopted, especially the revolutionary innocence of the idealism they entrenched in their long-range objectives. However, it is recognized the Pioneers were primarily responsible for writing those Principles and Methods, and for giving birth to what became a national, then an international movement (MacPherson, 1979: 216; Mooney, 1938: 10).

Thus the modern Co-operative Movement conceived its first co-operative in "one of the ugliest of Lancashire's ugly towns...the days of blind reliance upon demagogues were over. Practical, mutual aid, inspired by high social purposes, had made a real beginning" (Elliot, 1937: 36).

### Conclusions

Up until 1845 the social movements described in this chapter achieved their ends to only a limited degree. This was because those movements were unable to complete all the steps listed by Smelser as critical for success. Specifically: the prevailing society was essentially totalitarian; there was little to suggest that fundamental change could be obtained; there was only intermittent effective mobilization of supporters; poor communication among scattered and disparate workers; and a lack of accord among the leaderships relative to strategies and tactics. However, some progress was made and in subsequent decades most of their objectives were met (except those of the communitarians).

While he was referring to Chartism, George Rude could have also been writing about the Unionists and the Co-operators when he said,

Chartism's failure was by no means complete; for the great battles fought out in the North...particularly in Lancashire's industrial towns...proved to be of immense value in forging the working-class movements of the future...and establishing a class consciousness.

(Rude, 1980: 153)

In each of the four movements the social imperative was strong and indeed fundamental. Rather than encourage social betterment, the State strongly resisted what they perceived to be changes which would erode the established order. Given the difficulties of those years the leaders of the movements managed the internal relations of their supporters reasonably

effectively to limit the incidence and severity of tensions, and externally endeavoured to constrain their memberships from illegal and inflammatory actions.

In the next chapter, we shall see that the objectives and the Principles and Methods which formed the constitution of the Rochdale Pioneers were shaped by the working and living conditions and the experiences described in this and the previous chapter.

## Chapter Four

### The Rochdale Society of Equitable Pioneers

Towards the end of the previous chapter it was noted that hundreds of co-operatives were formed before 1844 and that almost all of them failed. The reasons for those failures were generally few in number and included: a preoccupation among members with religious and political differences; undemocratic control with the minority of members holding the bulk of shares and votes; member apathy in the absence of clearly understood objectives and strategies; the sale of goods to members on credit; and that small co-operatives led by inexperienced co-operators could not compete with large experienced merchants.

The lessons learned from these failures were reflected in the ideology of the most well-known and arguably most successful co-operative -- the Rochdale Society of Equitable Pioneers. The ideology and modus operandi of the modern Co-operative movement, as expressed and advanced by the Rochdale Pioneers, was entrenched in a dual objective, a plan of action to achieve that objective, and some nine principles (later known as the Rochdale Principles) or operating rules.

An idea or ideology can be likened to a seed. In order to grow, that seed must be planted on fertile ground, at the right time of year, and be nurtured by qualified people, so it may bear fruit, which it will do if it is inherently a good seed. Similarly, Rochdale proved to be the right place, 1844

the right year, and the Pioneers the right people to implement their idea, which proved to be inherently sound. Let us look separately at the place, the time, the people, and the idea and the plan to implement it.

#### The Place - Rochdale

In 1844 Rochdale had a population of about 25,000, which had tripled since 1815 and had in its time "been equally distinguished for poverty and pluck" (Holyoake, 1893: 79). It was an old town and the manufacture of flannel had been its staple trade for centuries. In the first half of the nineteenth century it experienced both the miseries and the benefits of the Industrial Revolution -- although the working people did not begin to realize any industrial benefits until the second half of that century. As was the case elsewhere in southern Lancashire, Rochdale hand loom weavers found times increasingly difficult as power loom competition increased, and exports suffered from American tariff policy.

The vast majority of Rochdale's population lived in "mean and crowded houses" huddled around the factories "without adequate water or Sanitation", which "had been run up to provide for the rapidly increasing population and fill the pockets of speculative builders" (Digby, 1965: 21). Rochdale was described as

a town in which all the evils of the industrial system was rampant in the 1840s. Wages were low, strikes and lockouts were frequent, unemployment was rife, people incurred debts in obtaining the poor quality, and often adulterated food they ate.  
(Bailey, 1955: 17)

And it was a place where the rich were getting richer and the poor poorer,

in 1843 they (the factories) prospered, Trade was brisk, and the underpaid and overworked weavers struck for higher pay. They lost the strike. Many were blacklisted, those reemployed had to accept a cut instead of a rise.

(Kress, 1941: 21)

It is probable that at that time the typical Rochdale household comprised about 6 persons, sharing at most two bedrooms, with at best only one of two parents who had been capable of signing the marriage registry if they were in fact married (three quarters of the children born between 1841-1850 were illegitimate) (Mayhew, 1967: 452-468).

Perhaps Remi Chaisson sums up life in the Rochdale of 1844 best,

Twenty-five thousand inhabitants eked out a miserable existence...hours of labour were unbearably long. No safeguards existed against injury, illness or old age. From early childhood they toiled in unhealthy, dim-lit factories. These debt-ridden workers saw no escape from poverty of the worse kind. Few were able to read or write. Smoke laden, soot filled air hung like fog over the town all day. Sanitation was unheard of and disease, of course was prevalent...even the sun had given up all attempts at shining either in disgust or despair. (1962: 24)

#### The Time - 1844

Fourteen years before the Rochdale Pioneers founded their Society, 60 flannel weavers had established the Rochdale Friendly Co-operative Society which operated a retail store from 1833-1835 at 15 Toad Lane (the Pioneers' store was later opened at 31 Toad Lane). At that time "there were as many as

7,000 men out of employ". (Holyoake, 1971: 45). But this Society "foundered upon the rock which wrecked most societies -- credit trade". (Bonner, 1970: 42). However, a small group of Owenite-co-operators continued to meet at the home of James Smithies, and branch number 24 of the Universal Community Society of Rational Religionists was formed by them in an annex to the Weavers Arms in Yorkshire Street and named the "New Social Institution". This became the centre of Owenite activity and the birthplace and early headquarters of the Rochdale Pioneers.

These Owenites were not numerous and were treated with some reservation. Their meetings generally attracted small audiences. A temperance body informed the town that it "had no connection with the Socialists" which was a label also applied to the Owenites. A debate organized by the Owenites in 1839 saw the motion "that Socialism was the only system for effectually obtaining and securing the happiness of mankind" defeated by a large majority, and caused John Daly to conclude they had "voted for the continuance of misery, crime and ignorance" (Bonner, 1970: 43). Again in 1841, when Chartism had yet to collapse, a debate on the relative merits of Chartism and Socialism witnessed the defeat of Socialism.

While admittedly not numerous the Owenites were well regarded by at least one visiting Owenite lecturer, Lloyd Jones, who concluded "the effects of the social principles are nowhere more agreeably manifested than in Rochdale" (Bonner,

1970: 42).

Five of the original 28 Rochdale Pioneers had provided substantial financial support in the founding of the Queenswood community in 1841: John Collier, John Garside, Wm. Mallalieu, James Smithies and George Healey.

The early 1840s were later named "the hungry 40s". Worsening economic conditions led for example to the slaughtering of only 65 beasts in 1841, as compared with the 180 which were slaughtered in 1837. Arnold Bonner quotes,

...a number of local medical men as having stated that the labouring classes were suffering great and increasing privations, that great numbers were unable to obtain wholesome food in sufficient quantity to maintain them in health...predisposed to disease...appalling cases of distress.

(Bonner, 1970: 44)

In the Rochdale of 1841 skilled weavers earned an average of 5 shillings a week, which was equivalent to a minimum wage for a small family. At the same time, as Rochdale's M.P. Sherman Crawford told the House of Commons, there were

136	persons	living	on	6d.	a	week
200	"	"	"	10d.	a	week
508	"	"	"	1/-	a	week
855	"	"	"	1/6d.	a	week
1800	"	"	"	1/10d.	week	

#### The People and the 28 Pioneers

Of the original 28<sup>33</sup> Pioneers fourteen were Owenite socialists and eight Chartists...only ten were weavers. Their number included a block printer, who became the co-operative's

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<sup>33</sup>There may have been up to 49 original Pioneers according to Bonner: 511. It is probable only 28 had contributed in full the necessary one pound sterling each.



first purchasing agent, David Brooks; a silk manufacturer, George Healey; a cabinet-maker, John Garside; a clogger, James Tweedale; and James Wilinon, a shoemaker.<sup>4</sup> One member at least was a teetotaler, James Maden.

The 28 original Pioneers included one woman, Ann Tweedale, who was sister of the landlord of the beer house "Labour and Health". And it was Ann Tweedale who had "the temerity to take down the shutters" (Holyoake, 1893: 13-14) when the Toad Lane store first opened for business on the evening of December 21, 1844.

Holyoake would have us believe the 28 were all poor unemployed weavers on the brink of starvation (1893: 2). But, while they may not have been "Rochdale Rothschilds", most of them were comparatively better off than the majority of working folk as they were skilled artisans seeking "a better social order" (Bonner: 45).

Nor were they innocent of the struggles and movements described in the last chapter. Many had belonged to earlier co-operatives, and had supported unions and the Chartists, and were familiar with the co-operative theories and experiments of Owen, King, and the Irishman, Wm. Thompson (Digby, 1965:

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<sup>4</sup>This information from "Original Members of the Rochdale Equitable Pioneers' Society Ltd." - a chart acquired during a visit to the Toad Lane Rochdale Pioneers Museum, May 21, 1992.

<sup>5</sup>Holyoake, often accused of exaggeration, also used colourful language; he called the Pioneers, "Lilliputian capitalists", "magnificent shareholders", and "two dozen and four adventurers".

20). Thus while not without ideals, they were not dreamers, but

...dedicated realists, determined in spite of repeated failures that some means would be found to give the working people a better share in the wealth they produced, and restore to them status and dignity in place of their degraded role.

(Richardson, 1977: 37)

#### The Idea - The Object and how to Achieve it

The Co-operative idea or object was given in the original rules of the Rochdale Society of Equitable Pioneers, "...to form arrangements for the pecuniary benefit and the improvement of the social and domestic condition of its members" (Bailey, 1955: 19).

Initially, then we see the Pioneers as having recognized three factors: first, the need "to form arrangements" themselves, i.e., to put together a plan and rely on self-help to improve their lot; second, the dual objectives of "pecuniary benefit" and "the improvement of the social and domestic condition", i.e., economic and social improvement and their interdependency; and third, that they could realistically expect to achieve these objectives by the formation of a co-operative.

While not in conflict with the object described above, in Early Victorian England, 1830-1865, an early prospectus of the Rochdale Pioneers is quoted as stating "the objects of this Society are the moral and intellectual advancement of the members. It provided them with groceries, butchers' meat,

drapery goods, clothes and clogs".<sup>36</sup>

The original rules of the Rochdale Pioneers explained how the co-operative idea or objective would be achieved.<sup>37</sup>

by raising a sufficient amount of capital in shares of one pound each, to bring into operation the following plans and arrangements:

- \* The establishment of a store for the sale of provisions, clothing, etc.

- \* The building, purchasing or erecting of a number of houses, in which those members desiring to assist each other in improving their domestic and social condition may reside.

- \* To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment or who may be suffering in consequence of repeated reductions in their wages.

- \* As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment, or whose labour may be badly remunerated.

- \* That as soon as practicable the Society shall proceed to arrange the powers of production, distribution, education and government, or in other words, to establish a self-supporting home colony of united interests, or assist other societies in establishing such colonies.

- \* That for the promotion of sobriety, a temperance hotel be opened in one of the society's houses as soon as convenient.

While not expressly ranked or listed by priority, subsequent events demonstrated that after raising 28 pounds sterling in share capital, the opening of a retail store

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<sup>36</sup>Oxford University Press, Vol. 2, p. 418, London, 1963.

<sup>37</sup>The Society's Almanack, 1854.

represented the first tangible result and a result which enabled the members to begin to derive "pecuniary benefit" and improve their "social and domestic conditions".<sup>38</sup> Subsequently, the Rochdale Pioneers acquired "estates covered with streets of houses built for co-operators" (Holyoake, 1971: 52),<sup>39</sup> and moved into manufacturing. But the goals of establishing an agricultural estate and arranging the powers of production, etc., in the form of a self-supporting home colony did not mature. However, a temperance hotel was established.

### The Principles

Having established their objective and goals the Pioneers gradually developed the "principles" they would respect in working towards them, i.e., the *modus operandi*, or operating rules. These rules became known as the Rochdale Principles<sup>40</sup> and, as it will readily be seen from the following, they had economic and social implications:

The first principle established that membership in their co-operative was to be open and voluntary. The original 28 members believed in political, religious and

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<sup>38</sup>By freeing themselves from debt and obtaining better value for their money.

<sup>39</sup>See the next chapter for an account of these co-operatively initiated houses.

<sup>40</sup>No precise and comprehensive list of Rochdale Principles is given in Holyoake's History of the Rochdale Pioneers. However, from a reading of this book and other sources (Mooney, 1938: 10; MacPherson, 1979: 2) it is clear there were nine Principles.

racial neutrality. In this they respected a resolution passed at the fledgling Co-operative Congress of 1832: "that co-operators are not identified with any religious, irreligious, or political tenets whatsoever, neither those of Mr. Owen nor of any other individual" (Holyoake, 1893: 20). In this same connection it should be noted that the initial membership included Owenites, Christian Socialists and Chartists who, on joining the co-operative, agreed not to attempt to impose their dogma on other members. No one was obliged to join the Co-operative and, while membership was open, those wanting to join had to meet certain requirements, including the purchase of a share. Applicants were not required to give their political or religious memberships or beliefs, nor were they factors in determining eligibility for membership. The Rochdale Pioneers saw strength in the inclusion of those of various creeds and opinions. Some earlier co-operatives had failed due to internal friction caused by religious and political differences, or by being identified with a religious denomination or political party.

The next principle related to democratic control. Each member had one vote, irrespective of the number of shares held and there was no voting by proxy. This principle was designed to avoid larger shareholders gaining control, and "to keep control equally in the

hands of all members" (MacPherson, 1979: 2), i.e., achieve economic democracy.<sup>41</sup> Men and women had equal rights including voting -- thus all members had the same privileges and therefore were encouraged to participate actively in the management and operation of the co-operative. For those who had worked without any control over their working lives, this principle represented empowerment, a recovery of status and a sense of community, albeit on a small scale, but nonetheless significant for the members. Some earlier co-operatives had failed when those who had furnished the capital exercised the power given by the shares they held and overruled those who held few or no shares but were nonetheless members in good standing.

The third principle limited the return on capital invested (shares) and was not to exceed the minimum prevailing rate of interest on comparable investments. It is worth noting the co-operator's return was limited to the minimum market rate. This de-emphasized the profit motive but recognized that those who invested should be entitled to some return. At the same time other attractions, mostly of a social kind, were emphasized.

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<sup>41</sup>This represented, for its time, an advanced form of democracy and could have resulted in anarchy.

The distribution of operating profit was prescribed by the fourth principle. The profits of the co-operative, after allowing for reserves and education, was to be distributed to the membership on the basis of participation. This recognized two imperatives: the need to set aside monies for a rainy day in a contingency account, and the need to educate as an integral part of a co-operative ideology. The amounts received by the members (the "dividend", or "divi" as it came to be called) were based on the belief that the one who patronizes the enterprise the most gets the most in return. Another reason for this distribution formula was that any surplus did in effect represent an overcharge for goods and services purchased and should be returned to those who contributed to the surplus on a pro rata basis. This arrangement encouraged members to patronize the co-operatives as the more they spent the more they saved, and debt was a problem that most working families suffered from.

The fifth principle identified a priority for education without specifying the type of education or even who should be educated. This principle did little to clarify the object of education beyond a reference to the Co-operative Program. However, it can reasonably be inferred that the "28" wanted to ensure all members were: knowledgeable about the history, philosophy and

techniques of the movement; capable of functioning responsibly in a democratic setting; capable of assuming a role in the operation of the enterprise; and encouraged to patronize the co-operative. Also perhaps it was thought only an educated member could educate non-members and thereby improve the public image of the Society and of the co-operative ideology. The early co-operators were conscious that some of the movement's roots had discoloured the public image of co-operativism and recognized a need to present accurate understandings to attract membership and deflect threats based on inaccurate impressions. In addition, and has been recognized earlier, only an educated membership can most effectively work together in building and operating a successful co-operative, and, let it be emphasized, not belong for the money dividend alone.

The buying of shares was controlled by the sixth principle. Initially no member was allowed to purchase more than four shares. Non-members who wished to join the co-operative and had not the wherewithal to pay cash could, by patronizing the co-operative over a period of time, accumulate sufficient credits (dividends) to buy a share. This principle recognized that few could pay cash to buy a share and gave concrete expression to the first principle: open membership. No conflict with the next principle (no credit) was seen especially as the right to



vote was deferred until after the cost of shares was fully paid. Each member had only one vote regardless of the number of shares he or she owned.

The seventh principle ruled against credit. Being mindful of the Louis XIV adage "credit supports the borrower as the rope supports the hanged", the founding members decided that all members must pay cash for their purchases. This principle was one of the most difficult to enforce at a time when merchants encouraged customers to buy on credit; almost all did and remained in debt. The failure of many co-operatives had been caused by a willingness to allow members to purchase on credit. As Holyoake said, "by abolishing credit, the co-operative societies taught saving, and saving made them rich" (Holyoake, 1893: 158).

The next principle required the co-operative to charge market prices. Three factors supported the adoption of this principle: firstly, they wanted to ensure the setting aside of monies as a reserve and for education; secondly, they did not aim to undersell local merchants and thereby risk their ire and perhaps, as a result become politically objectionable, thirdly, they realized actual costs cannot be accurately estimated in advance, and a cost or cost-plus sales policy would increase the risk of an operating loss, which had caused

some earlier co-operatives to fail.

The last and ninth principle called for co-operation with other Co-operatives. In declaring this principle they acknowledged the mutual benefits such relationships should produce, but went beyond this to recognize at least part of the long-term objective of "arranging the powers of production, distribution, education and government" (quoted from the Society's 1854 Almanac). Fortunately, this was not seen as a threat to overthrow the established order, and among other things, led to the formation of wholesale co-operatives to purchase from an increasing number of producer co-operatives and other sources for resale to retail consumer co-operatives (such wholesale co-operatives being owned collectively by the consumer co-operatives). This principle also enabled small co-operatives to survive and prosper drawing on the strength and expertise of other co-operatives (the Rochdale Pioneers gladly gave much advice to others interested in forming co-operatives). And collections of co-operatives formed or stimulated the formation of other co-operatives designed to provide the resources and expertise that no single small-medium sized co-operative could afford.

Early evolutionary changes and additions to these nine principles were made and it would be as well to acknowledge

the more significant.

From the beginning no sexual discrimination was practised, and women, such as Ann Tweedale, had rights and obligations identical to those of male members. It was said at a public meeting to consider the laws relating to the property of married women held in London on May 31, 1856, that

Many women have accumulated property in the (Rochdale) Store which thus becomes a certificate of their conjugal worth. And young men, in want of prudent companions, consider that to consult the books of the Store would be the best means of directing their selection. The habits of honourable thrift acquired by young men, members of this Store, render it unlikely they would select industrious girls in marriage for the purpose of living in idleness upon their earnings or savings, as happens elsewhere.

(British Law Amendment Journal No. 14: p. 94)

As a method of increasing capital for expansion, members were allowed to buy more than four shares, indeed up to 50 shares by 1854. Those that wished to sell their shares could sell them back to the co-operative at their original purchase price (thus ruling out speculation). Members who became unemployed could in addition sell shares to other members at a negotiated price, but had to retain at least one share to retain their membership. As a further means to increase capital the Society agreed to accept loans from members and to pay a nominal 2 1/2% interest on such loans.

This additional money enabled the society to expand its operation into the upper floors of the premises it had rented for the consumer co-operative, and in that additional space pursued educational objectives with a meeting room, a library

and a reading room (the library had over 3000 books by 1877). The Society was confident enough to declare "the objects of this Society are the social and intellectual advancement of its members" (Holyoake, 1893: 135). Rules were changed to assign 10% of net profits for educational purposes but the Registrar of Societies refused to certify this rule. As Holyoake notes (1893: 73), "those were the days when the law prohibited workmen from educating themselves and the Government refused them the franchise on the ground of their want of education". The Registrar finally agreed to recognize an assignment of 2 1/2% of net profits for education.

So as better to ensure the co-operative's fiscal integrity, annual and quarterly audits were conducted of both stock and books of account, and quarterly reports provided to the membership. Officers and directors met every Thursday evening.

At its opening the store in Toad Lane had four items of food for sale: flour, butter, sugar and oatmeal -- nothing else, and only small quantities of each. But this food was of good quality, and soon an additional Principle was adopted to stock and sell only "pure quality, good weight, honest measure, and fair deal selling, without fraud" so as to give "moral and physical satisfaction of far more consequences...than a farthing in the pound cheaper than the same goods might elsewhere cost" (Holyoake, 1893: 15).

One last additional principle deserves recognition, and

it was introduced as the Society grew to employ staff who were not members. This related to the need to provide good working conditions, to pay wages equal or better than those paid by other businesses, and to encourage, but not to require, membership in the Society.

### Rochdale Birth and Early Growth

In his History of Co-operation, George Holyoake, included a table (page 50) tracing from 1844 on an annual basis, the growth of the Rochdale Society. At the end of its first year this Co-operative had 74 members, a capital of 181 pounds sterling, sold 710 pounds worth of goods and cleared a profit of 22 pounds. By 1867 the Society had 6,823 members, a capital of 128,435 pounds, sold goods to a value of 284,919 pounds and made a profit of 41,619 pounds.<sup>47</sup> Through those 22 years the society had opened turkish baths, several branch stores in Rochdale, expanded into the upper floors at 31 Toad Lane, opened a co-operative corn mill, established a co-operative insurance company, absorbed the 1100 volume library of the terminated People's Institute, and become "the best custodian of working class savings" (Bonner quoted in Rochdale Pioneers Memorial Museum, undated).

Following his tabulation of these figures, Holyoake becomes characteristically colourful and metaphorical suggesting "every individual figure (in the table) glows with

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<sup>47</sup>By 1952 this Rochdale Society had a membership of 29,603, capital worth 501,473 pounds, sales of 1,469,834 pounds, and a profit of 47,827 pounds.

a light unknown to chemists"...and

Not a pale, flickering, uncertain light, but one self-created, self-fed, self-sustained, self-growing, and daily growing. Not a fat, oily, spotting, intermittent blaze; but a luminous, inextinguishable, independent light...

(Holyoake, 1971: 50-51)

Holyoake was nothing if not enthusiastic.

### Conclusions

In 1844 the Rochdale Pioneers were at the leading edge of the Co-operative Movement. In terms of the seven dimensions along which social movements may be classified (see Chapter One), their Co-operative was designed to be democratic, to accept the established order and to function within it, to use a pragmatic incremental approach to attract a broad membership, and not to threaten the prevailing political or religious establishments.

In its early years the Rochdale Pioneers Co-operative experienced all the tensions listed in Chapter One. However, strong informed leadership, the mutual understandings and respect enjoyed by that leadership and an inherently cautious, patient and gradual approach prevented those tensions becoming destructive.

Taken together the Pioneers' objective and its supporting actions and principles can be seen to represent a concerted attempt to respond to and alleviate the deprivation, poverty, frustration, powerlessness, alienation, desperation, misery and hopelessness of the vast majority of the working population. For the Rochdale Pioneers, who worked

particularly hard as all successful pioneers must, the future provided ample proof of their success. Some half dozen of them advanced to positions of leadership in the larger Co-operative Movement, regionally and nationally.

Also when taken together the Rochdale objective and principles identify the early Co-operative Movement as having a single mission -- social democracy; a dual ideology -- economic and social development (with the former serving as a means to the latter); and three central values -- equality, equity and mutual self-help. The social imperative was alive and well at the conception, birth and infancy of the modern Co-operative movement.

The State frustrated but did not repulse the Rochdale Pioneers who were shrewd enough to avoid confrontation with the owners of other retail stores.

Illustration No. 2



Th'owd Wevver's Shop

The Rochdale Society of Equitable Pioneers' original store, Toad Lane, Rochdale.  
Now a museum and the focal point of a historical conservation area.



## Chapter Five

### Co-operatives Build Houses

This chapter is designed to do two things: first, to describe the larger framework within which co-operatively-sponsored housing was developed in the nineteenth century; and second, to review the character of one of the several housing projects developed by the Rochdale Pioneers.

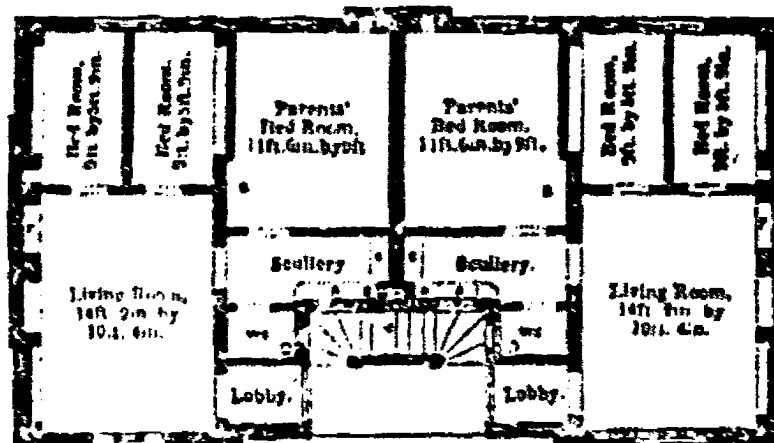
Some mention has been made of the deplorable housing conditions of the newly industrialized urban centres of Britain<sup>1</sup> and of the Owenite emphasis on community as the means whereby social justice could be realized. It has also been recognized that many early co-operatives, in both the pre- and post-Rochdale days (1844), had as one of their goals, or their ultimate objective, the establishment of "a self-supporting home colony of united interests".

Many of the newly formed co-operatives of the mid- and late nineteenth century also shared the Rochdale Society of Equitable Pioneers' second goal (after the "establishment of

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<sup>1</sup>These conditions were not completely ignored; for example, in the decade of the 1840s several reports highlighted the miserable and unhealthy housing conditions of the industrial worker, and, while some legislation was passed in an effort to control if not alleviate those conditions, it was permissive rather than mandatory and thus ineffective.

These reports and legislation, while not in themselves effective, caused some philanthropic trusts to build model dwellings for working people. One such trust, the Society for Improving the Dwellings of the Labouring Classes, established in 1845, was presided over by H.R.H. Prince Albert. This trust built a block of dwellings at the Great Exhibition in London, 1851, as an example to enlightened landlords.

Illustration No. 3**PLAN OF MODEL HOUSES FOR FOUR FAMILIES.**"Model Housing for the Working Man"

Plan and sketch of double duplex housing initiated by H.R.H. Prince Albert for London's Great Exhibition of 1851.

a store..."), "the building, purchasing, or erecting of a number of houses, in which those members desiring to assist each other in improving their domestic and social condition may reside".

While there is no evidence to suggest the Rochdale Pioneers even attempted to establish a "self-supporting home colony", there is ample proof that several groups of houses were constructed on their initiative.

Before describing one particular Rochdale housing project it would be as well to reflect on the larger framework within which co-operatively-sponsored housing was created.

#### Early Building Society and Co-operative Housing

Towards the end of the eighteenth century in Britain groups of individuals began to form building societies.<sup>4</sup> Until 1874 these societies were terminated when all members, who had joined and contributed a fixed amount at regular intervals, had been housed in the houses built with their contributions. The members did not themselves usually build the houses but contracted for their construction, and usually drew lots to determine the order in which they would gain possession of the houses as they were completed.

With the passage of time most such societies began borrowing money from non-members thereby enabling borrowing members to obtain a house with less delay. With this

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<sup>4</sup>This information on building societies is based on an article beginning p. 350, Vol. 4, Encyclopaedia Britannica (1962 edition).

development the "terminating" societies were replaced by "permanent" societies which were first certified under the Friendly Societies Acts of 1829 and 1834, and then under the Building Society Act of 1874.<sup>4</sup>

Under this legislation, established co-operatives could either build or purchase houses on their own account, or form building societies for the express and only purpose of housing their members. Until 1871 co-operatives were legally unable to buy and sell houses but from 1862 they had been entitled to hold houses and to lease them to members. The Co-operative Review of May, 1971, sheds further light on these co-operative building societies and explains that the real reasons behind the co-operative societies' move into housing was not as a response to the idealistic belief of the 1844 pioneers and their counterparts in other co-operatives formed in the 1840's. The Review says that "over the first two decades such ideals were seemingly forgotten amidst the day-to-day difficulties of establishing and running a shop". Apparently early in the 1860's some co-operatives had accumulated capital "far in excess of the limited requirements of the store" and "turned to housing as a profitable form of investment".<sup>5</sup> The

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<sup>4</sup>Ironically almost 100 years later, in Nova Scotia, Building Co-operatives which had to be permanent from 1938 to 1970, could be terminated after 1970 when legislation was amended to permit this; see Chapter Eight.

<sup>5</sup>Johnston Birchell (1991: 4) supports this explanation but points out that the Rochdale Pioneers' first venture into housing (1861) was prompted by the actions of a local landlord-shopkeeper who increased the rents of houses he

Co-operator of 1863 urged co-operatives to use their surpluses to finance housing so that "every member could have his own house and a bit of garden out of the store before he died".

Gradually through the 1870s more and more societies became involved in the building of houses, but problems were experienced even when contractors were engaged to build them, and when co-operatives decided to build themselves, as the Co-operative Review of May, 1971, reported the Prestwich Society did in 1870, too much money was spent on having the houses designed and members only wanted to work on their own houses. By 1872 this co-operative

was forced to admit that the attempt to use the labour of its own members had failed and instead had to give the Secretary the power to organize and sub-contract the work.

(Co-operative Review: 6)

While few societies became involved in having members build their own houses, many began to supply mortgage funds to members for the purchase of houses and by 1890, 279 co-operative societies had established building departments employing qualified individuals. Twelve years later, in 1902, 344 societies<sup>7</sup> reported they had financed 37,367 houses: 23,940 by advancing money on the security of mortgages to members for the purchase of houses; and 13,427 which were

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owned, which were occupied by members of the Rochdale Co-operative store when they ceased to patronize his store.

<sup>7</sup>These 344 co-operative societies were included in a total of 2190 societies then in existence, all being controlled under the Building Societies Acts which had a total membership of 595,451 in 1902 (Webb, 1904: 171)

directly built by the societies' own employees, 3,347 of which were rented to their members and the remaining 5,080 which were sold to members for cash or upon terms of repayment extending over a number of years (Webb, 1904: 179).

All the housing described above was co-operative only inasmuch as it was financed and/or built by co-operative societies. When the construction of the housing was complete it was either rented or sold usually to members of the co-operative. If sold the purchaser obtained a fee simple title, if rented the tenant had the usual and conventional landlord-tenant relationship with the owner (that is the co-operative society which built the house).

Writing in 1936, James Warbasse<sup>4</sup> distinguished between these building co-operatives and those which he termed "most eminently co-operative". These were brought into being by groups of individuals who formed co-operative housing societies for the construction or purchase of housing and its occupation only by society members who had the right to occupy one of the houses in perpetuity. Members elected a board of directors from among their fellow members to manage the housing, and paid a housing charge to defray their share of the co-operative's mortgage amortization costs, and common operating and maintenance costs." Over the last 150 years

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#### "Co-operative Democracy

"Today we in Canada call them "continuing housing co-operatives" and they are the subject of Chapter Nine of this thesis. Continuing housing co-operatives are common in Sweden

there has been ongoing debate, not restricted to those in the Co-operative housing movement, between those who have advocated home ownership and those who have believed that rental is the preferred alternative.

In terms of co-operative housing, Catherine Webb writing in Industrial Co-operation (1904: 180) questions "whether it is more completely in accordance with co-operative principles to 'let' or to 'sell'". In essence she argues, on the one hand, that to retain and "let enables a society to extend its corporate influence beneficially over the domestic comfort of its members" and furthermore it "is an important advance towards realizing the complete ideal of the co-operative movement, namely 'community on land'" (Webb, 1904: 180). On the other hand, she admits enabling "an individual co-operator to become the owner of the house he lives in, is to give him stability, self-reliance, and an assured provision for comfort in old age" (Webb, 1904: 180).

In the nineteenth century the co-operative periodicals The Co-operator and The Co-operative News were frequently critical of those co-operatives which sold their housing rather than retaining it for the benefit of all members. In Industrial Co-operation Webb concluded that, more often than not, the decisions as to whether houses should be sold or

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and Denmark (where they were introduced early this century) and now in Canada. Building co-operatives were common in Britain and the U.S.A. and were introduced into Canada in 1938 as Chapter Eight of this thesis explains.

retained for rental were based, not on any idealistic rationale but on whether or not the society needed to recover its investment quickly (by sale) or slowly (by rental).

It may be suggested that retaining for rental, i.e., as a continuing co-operative, more fully satisfied the purist (collectivists) as the co-operative character can be guaranteed with private ownership vested in an association of members, and each one having the private use of a specific part of the collectively-owned property and permitted to sell that part at par. The alternative -- selling the houses to members -- introduces the possibility of the member becoming a real estate speculator and selling the house for more than it cost him or renting to others at a profit (Warbasse, 1936: 69-70). The first alternative also offers an enhanced opportunity, indeed a requirement, that residents will work together for common objectives in the spirit of co-operation, and foster the social imperative.

#### The Rochdale Pioneers Build Houses

With considerable capital available and its other operations secured the Rochdale Society entered into the business of building houses. In 1867, for their second housing venture, the Society acquired land at Larkfield in Rochdale and created the Rochdale Co-operative Land and Building Company Limited,<sup>40</sup> charging it to,

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<sup>40</sup> This was the Rochdale Pioneers' second housing development and, because it was more fully documented and proved to be more enduring, it was chosen for this study.



...supply a want long felt in Rochdale, viz: good Cottage Houses, for the Operative Classes; such houses to be the joint property of the Occupiers and others taking out shares in the Company, - which will give every shareholder a safe investment for his savings; and will act as an incentive to economy and frugality to those who feel anxious to own the dwellings in which they live.

It should be noted that the only stipulation relating to the character of the dwellings to be constructed was that they be "good Cottage Houses", and that the intended occupants be of the "Operative Classes", those who operated machines but not necessarily members of co-operatives (or was this implicit?). The capital required for the acquisition of the land and the construction of the houses was not expected to be all provided by those who would occupy them. Rather it was expected modest payments would be within the capacity of the purchasers with the bulk of the costs being paid by others who would receive interest on their investments and have their contributions refunded over time as the purchasers responded to the "incentive to economy" and the ownership of "the dwellings in which they live".

In effect therefore the Company acted as what today is described in Great Britain as a Building Society and as a developer: collecting deposits from investors and down payments from borrowers (mortgagors) to build and sell houses subject to an amortized mortgage loan. It should also be noted that while the houses were built by a co-operative

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Equitable Pioneers Co-operative Society Committee Minutes,  
November 26, 1867.

company, the shares in that company were not all owned by those who occupied the houses, the occupants were tenants having what are sometimes described as "agreements for sale" whereby they would become owners when a stipulated portion of their rental payments had accumulated to equate with the full cost of their dwellings, less initial down payment or share purchase.

The houses were built through 1868 with the inexperienced co-operative acting as prime contractor. While the cost of the houses is not now known, it was more than had been anticipated as the 1867 Almanack (published in 1868) admitted,

This company has endeavoured to produce a superior class of dwellings for the working man, and to some extent has succeeded. But the great misfortune is when a comfortable house is built, that it has cost so much, that the rent to pay for the outlay of capital, is so high that few working men can afford to pay it."

A reading of the Minute Book of the Rochdale Pioneers confirms that 84 houses were built on the land acquired at Larkfield." The houses were of stone and brick construction, two stories high and built in five terraced blocks on Durham, Equitable and Pioneer Streets." The houses were somewhat

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"No separate Minute Book appears to have been kept for the Rochdale Co-operative Land and Building Co. Ltd.

"This Minute Book also refers to the concurrent development of several other smaller groups of housing in the Rochdale area.

"Four of these blocks containing 63 housing units were counted during a May 1992 visit. It is understood the fifth block, fronting Pioneer Street was demolished, and the site is now used as a children's playground.

Illustration No. 4A Co-operative Housing Estate

Rochdale Pioneers built housing (top) and playground recently built on adjacent cleared site (1992 photographs).

larger and of higher specification than the typical housing built at that time. The Pioneers' Minute Book refers to "4yds. for garden palisading" (to surround rear yards), "plumbing and gas fittings, bedroom grates, window blinds, door locks, wall paper", and for the "best houses, marble chimney pieces" (Minutes dated July 28 and 30, August 4, 1868, January 7, June 10, July 8, 1869, and January 21, 1870).

On June 5, 1869, a few of the 3 bedroom houses were advertised to let in the Rochdale Observer and Pilot which confirms that while the majority of the houses did sell, thereby allaying the worst fears of the 1867 Almanack, some did not sell and had to be let by the week. The experiment was thus only a partial success -- decent accommodation was provided to enable its occupants to better improve their domestic and social condition but at a cost which was higher than all but the best paid operatives could afford.<sup>4</sup>

The fact that the housing was co-operative-sponsored meant that many if not the majority of the residents would be carefully selected members of the parent co-operative. The housing was bordered on three sides by industry giving the project an identity and one would imagine a community spirit it may well have otherwise lacked. These attributes would be

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<sup>4</sup>Skilled tradesmen were paid between 15 - 25 shillings a week in the Rochdale of 1868, labourers considerably less. Rents for the co-operative-built housing ranged from 4 to 6 shillings a week, and an income of about 30 shillings a week would be required to pay the 6 shillings a week rent for the "best houses".

most likely to foster further co-operative activity, although there is no evidence of this today.

In subsequent years virtually all the houses were sold and resold many times, although 16 houses were still owned by the Co-operative in 1966." More recently the residents of the neighbourhood, represented by the Residents' Action Group have drawn on government program aid to bring about the rehabilitation of the housing and the construction of attractive site improvements and a children's play area on an adjacent vacant site.

### Conclusions

Co-operators, just as any other group of people who get together and organize to achieve objectives best tackled together rather than individually, invariably develop short and mid-term goals within longer term objectives. For example, the Rochdale Pioneers initially had two objectives for their members: pecuniary benefit, and an improved social and domestic condition. Among the six goals listed in the Society's 1854 Almanack as necessary to achieve these objectives was the acquisition of housing for members "to assist each other in improving their domestic and social condition". The housing goal was thus tied directly to the second objective and it was the only goal which had this end

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"It is probable the houses cost about 100 pounds when built. In 1948, 80 years later one house changed hands at a price of 500 pounds and in May, 1992, it was noticed 55 Durham Street was for sale at a price of 23,856 pounds.

expressly in mind, although a fifth goal referred to the establishment of a self-supporting home colony of united interests (a phrase and an objective of the Owenites).<sup>4</sup>

Those of the Owenite persuasion strongly believed that only by housing people together could substantial social development/improvement be achieved. For a variety of reasons and over the past 150 years co-operators have placed less emphasis on this belief but it has generally survived as a desirable, albeit but one of several means whereby people can "improve their domestic and social condition".

The Rochdale Co-operative Land and Building Company's pioneering commitment to the goal prescribed by the mother co-operative was strong in that some 84 two and three bedroomed houses in five terraces were built and, while small, they had tight back-yards, cellars, kitchens, parlours and scullerys, i.e., they exceeded the almost universal "two up and two down" which was the lot of nearly all members of the operative classes. However, they were not provided with indoor sanitation, electricity or any means of space or domestic hot water heating other than an open fireplace for the burning of coal and the cooking of food. Good quality working class accommodation was provided but only to the better paid members of the operative classes. No details are known about the return shareholders received on their investment, nor on the

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<sup>4</sup>As recognized elsewhere all the objectives, principles and goals of the Co-operative Movement had elements of both economic and social significance.

degree to which members assisted "each other in improving their domestic and social condition".

Having proved that a co-operative could create a housing project, and manage it and sell it using a primitive co-operative technique to do so, it can be concluded that other co-operators could only learn and benefit from that experiment in the development of subsequent co-operatively-sponsored housing. This is in fact what happened, but no co-operative housing movement developed out of this experience in Britain where Building Societies, including many Co-operative Building Societies, took over the role.

No State support was provided to these early co-operative-initiated housing schemes and the then current legislation did not facilitate either the formation of co-operatives or their entry into the house building field. In these circumstances co-operatives did not develop a dependency on government, and this delayed the development of a more truly co-operative form of housing.

The housing initiated by nineteenth century Co-operatives was sold or rented largely to families of moderate income who were members of consumer co-operatives and Co-operative building societies. The occupants of the housing were not members of a housing Co-operative and there was no pressure on the State to pass enabling legislation or provide subsidies to member-owned housing co-operatives. The hundreds of building societies serving all parts of Britain brought home-ownership

within the grasp of all but low income families.

While there is some evidence to suggest the private house building industry resented co-operatives which developed house building enterprises, there is none suggesting established neighbourhood residents enjoyed anything less than good relations with the owners and tenants of co-operative built houses.



Part Two

The Canadian Experience

## Chapter Six

### The Co-operative Movement in Canada

In the last several chapters the factors which bore on the European birth of the modern Co-operative movement were identified, as also were those which shaped the early ideology of the movement. From that process emerged the reasons why the social imperative was basic to the objective and principles of the movement with economic improvement, or as some like to call it, emancipation being but the means to the improvement of the human condition.

The last half of the nineteenth century witnessed the rapid growth of all aspects of the Co-operative movement, geographically in Britain and Europe, then in North America and, as a new century dawned, in what we now call the developing world. The number of co-operators and the number of co-operatives grew at a remarkable pace, as did the variety of types of co-operatives and the ways in which the basic ideology and tenets of the Rochdale concepts were adapted to suit many different political, economic and social environments. The personalities, purposes and priorities of individual co-operatives were widely different.

While it would be correct to say that the vast majority of twentieth century co-operatives throughout the world subscribe to the Rochdale Principles and those of the

International Co-operative Alliance" it must also be recognized these principles have been interpreted somewhat differently and with varying degrees of emphasis in different parts of the world. These ideological and practical variations have resulted from internal compromises reached in resolving the tensions between economic and social priorities, the individual and the collective good, the short and the long term, and from compromises reached with external forces in the vastly different conditions prevailing around the world.

Through the last half of the nineteenth and first half of the twentieth century the Co-operative movement flourished with the industrialization of the Western World as "one of the most significant and permanent reactions against the emphasis on unbridled competition" (MacPherson, 1978: 77). In Canada co-operatives took many forms, most of them falling into one or another of three main categories: producer co-operatives for the collection and marketing of the products of farmers and fishermen, and for the purchase of supplies required by these primary producers; consumer co-operatives which bought goods wholesale and sold them through stores to their members; and credit unions -- local banks owned by those who invested in them and borrowed from them.<sup>2</sup> Thus from the beginning it

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<sup>2</sup>See Appendix One which discusses the Co-operative principles as adopted, revised and interpreted by the International Co-operative Alliance.

<sup>2</sup>Two quasi-co-operatives were established in Canada as early as 1789: In Halifax, Nova Scotia, on December 10, 1789, and in that same year "a farmers' club was established in

is to be noted that the Canadian movement had its roots in the rural economy and is even today largely a rural and small town phenomenon. This is to be contrasted with the British Movement which remains essentially an industrial urban working-class centred movement.

#### The Birth of Canadian Co-operatives

From their beginnings in the 1860s, producer co-operatives have accounted for the lion's share of all the business transacted by all Canada's co-operatives." In an essay comparing the origin of Maritime and Prairie Co-operative movements, James Sacouman, writing in 1979, suggests a "remarkably similar structure of underdevelopment" (208) characterized the fruit marketing co-operatives of the Annapolis Valley of Nova Scotia and the grain growers' co-operatives of the Prairie. In both there was dependence on a single staple "truncated petty commodity production" (208), and surplus appropriated through unequal exchange merchandising mechanisms. Co-operatives were formed in both regions to counter monopolistic control and win "a larger

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Quebec City under the patronage of the Governor General, Lord Dorchester" (Mooney, 1938: 73). These and similar societies had as their objectives: the promotion of modern methods of agricultural husbandry and new machinery, and the settlement of immigrants. However, they were not Co-operatives in the modern, Rochdale sense of that word.

"As recently as 1989, the 49 agricultural processing and marketing co-operatives of western Canada had a business volume of \$6.4 billion, representing over one third of all the business transacted by all Canadian co-operatives. Co-operatives in Canada, 1992.

portion of the increasing value of their staple" products (203). However, producer co-operatives in the two regions were substantially different in that on the prairies there was a strong linkage between the co-operatives and the emerging populist politicians but no such durable linkage in the Maritimes. In the former farmers' unions and the Patrons of Industry were succeeded by the Co-operative Commonwealth Federation (1932) and then the New Democratic Party (1961). In the Maritimes it was not the apple growers or other producers who played a part in the evolution of a third political party as "a formal political response was neither necessary nor forthcoming" (210).

The first successful Canadian co-operative store modelled on that of the Rochdale Pioneers was opened in Stellarton, Nova Scotia, in 1861, in a colony and a town which was only then beginning to experience the pressure of industrialization.<sup>60</sup> In this community, and even more

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<sup>60</sup>The first secretary of this co-operative, James Mitchell, "had been associated with the fast growing co-operative movement in Britain before he came to Canada", and was "possessed of much of the zeal of a missionary" (MacSween, 1954: 1). MacSween explains that 53 years later Mitchell retired, after which business swiftly declined, dividends were not available, and the consumer store closed in 1916. Mitchell died the same year having operated a consumer co-operative store in "close conformity with the formula of the Rochdale Pioneers, but it cannot be said that those associated with it were devoted to their aims". Mitchell was made a Justice of the Peace in Cumberland County in 1864 and served as Secretary of the Union Co-operative Association of Stellarton from 1861 to 1876, and then until his retirement in 1914 as Manager of the co-operative which paid percentages varying from 3% to 12% on shares, and distributed the balance of the annual profit among members in proportion to their

apparently in other larger single-industry-dependent coal towns in Nova Scotia, class conflict dominated the workplace. Miners were not only bound by their contracts with their employers but were obliged to occupy housing and patronize stores owned by those same employers. Many of these miners brought with them an organizational tradition from Europe which caused them to found craft unions and consumer co-operatives. The union-co-operative link waxed and waned with the birth and death of farmer-labour third party politics, and the growth and decline of militant unionism.

The third category of early Canadian co-operatives was the credit union. Based on a successful European experiment and beginning in 1900 credit unions (known as *caisse populaire* in Quebec), were opened by Alphonse Desjardins. Applying the co-operative principles of buying and selling to borrowing and lending, credit unions claimed they performed a more economic and personalized service to their mostly working class members than did the chartered banks.

From the above it is clear that Canadian co-operatives were founded to protect and strengthen the power of the working and petty producer classes vis-a-vis the threats posed by public corporations anxious to obtain maximum profit by the export of raw materials. In terms of ideology and in comparing the British and Canadian movements, it would be fair to say the British movement was more united, had a clearer

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purchases. (MacSween, 1954: 1-2).

consensus on its role, objectives and political relationships, but a somewhat less evident recognition of the social imperative.

Canadian co-operators, like their British counterparts, held convictions of moral superiority; they hoped co-operation would help reunite religion and business, and restore a deteriorating belief in the family and the community. Co-operativism was seen as "the main weapon...against the financial buccaneers" and having "the supreme objective of the physical, mental and moral improvement of man" (MacPherson, 1979: 36).

Victorian sensibilities were attracted to the moral values of co-operative endeavour. Religion was a vital force; co-operatives were seen as a means to curb the excesses of capitalism, it would distribute wealth on the basis of effort, and provide an ethic for economic organization.

In the 1870s the United Patrons of Husbandry (or Grange) helped to found dairy co-operatives, an insurance company, co-operatives for the wholesale purchasing of farm supplies and a salt co-operative in Quebec. Then in the 1890s a parallel organization in Ontario, the Patrons of Industry, helped develop marketing, binder-twine and farm supply co-operatives. These co-operatives had "promising beginnings and disappointing endings" (Co-operative College of Canada, 1982: 8). Although the Grange never became particularly influential in Canada, the movement gained many adherents in the USA and

is still active in the Western and a few of the eastern States. In terms of the Co-operative Movement its significance lies in the fact that it was the first to foster the development of co-operatives on a larger than local basis.

In a country the size of Canada it was not surprising that Co-operators of the late 19th century held widely different views. But the earlier reform movements which had influenced land reform, responsible government, etc., had created a reform tradition in sympathy with co-operativism. A common element was the struggle against government from Britain and for local democratic control. "The rhetoric and reality of American democracy, brought north by migration" (Co-operative College, 1982: 9), was compatible with the co-operative ideology.

European immigrants brought a close understanding of co-operation from their native countries. Religious communities were founded by the Mennonites in Manitoba, and by the Methodists, Presbyterians, Catholics, Mormons and Anglicans in the Prairies. Moderate socialists, emphasizing collaboration and evolution and promising to avoid the extremities of Marxism, were supportive of co-operatives, seeing them as a logical branch of a future socialist state.

#### The Migration of the Rochdale Principles

At this point it would be appropriate to reflect on why the Rochdale Principles came to be transferred to Canada and were found to be equally viable in the creation and



operation of Canadian co-operatives. Several reasons suggest themselves.

First, many of the Europeans, and especially those from the British Isles, who arrived in Canada in the latter half of the nineteenth century had experienced the success of co-operatives in the old world, recognized a need and equally fertile soil for the transplantation of the concept to both urban and rural Canada. The British Canadian Co-operative Society was a good example.

Second, early co-operative enterprises which had not followed the Rochdale Principles had tended to fail (mostly because they sold on credit, and had no reserves to weather economic downturns or rebuild when premises were destroyed by fire).

Third, and based on their recent experiences, Canadian social reformers and the poor recognized, that within the prevailing political and economic environment, a non-violent movement would be most likely to succeed in substantially influencing the established order. Britain provided an example of this as also did the largely unsuccessful radical labour movements in Canada such as the Knights of Labour, the One Big Union and the Industrial Workers of the World (Syndicalists).

Fourth, the fundamental belief in Christian values held by most social activists and workers caused them to resist the temptation to ally themselves with those who saw salvation

only through the overthrow of the political-economic establishment. And, it might be added, they subscribed as Canadians to the constitutional principles of "peace, order and good government". Those beliefs were subsequently particularly evident in the eastern counties of Nova Scotia and in the province of Quebec.

Co-operativism offered a "middle road". The Rochdale Principles had proven sound both in Europe and in Canada, and the creation of co-operatives appeared to be the best if not the only available solution to many who considered themselves to be economically and socially deprived. The Co-operative Principles, with or without minor modification, continued to be followed with an almost religious conviction.

#### Twentieth Century Canadian Co-operatives

The early decades of the twentieth century saw substantial changes in Canada. Before World War One, two million immigrants were settled (mostly in the newly created western provinces), and there was rapid urbanization and industrialization as the nation's first industrial revolution was completed. The fabric of society was disturbed by new patterns of manufacturing, consumption, housing and financing. Co-operativism had solutions for each of these issues: worker co-operatives, as pioneered in Europe; consumer co-operatives that then controlled over a quarter of British retail trade; housing co-operatives growing in popularity in France; and credit unions initiated about 1844 by Herman Schulze-Delitzsch

and Frederick Raiffeissen in Germany. Some worker co-operatives were started but failed from undercapitalization, competition, workplace tension and inexperienced management. However, consumer co-operatives were generally somewhat more successful. For example, the British Canadian Co-operative Society founded in 1906 in Sydney Mines.<sup>61</sup>

With the dawn of the twentieth century the leaders of the Movement saw co-operatives "as a middle way between private enterprise and socialism, and as a way in which the abuses of the existing social-economic systems could be corrected" (MacPherson, 1978: 90). Moreover, the Movement in Canada was supported by Governor General Earl Grey (1904-1911), who encouraged MacKenzie King to study co-operativism "as a promising way to help reduce class antagonism" (MacPherson, 1979: 31).<sup>62</sup>

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<sup>61</sup>See the next chapter for a more complete profile of this co-operative.

<sup>62</sup>Grey, who was founding president of the International Co-operative Alliance from 1895 to 1917, vigorously promoted co-operative ideals. He appeared before a Parliamentary Committee of Inquiry on the Co-operative Movement in his capacity of President of the ICA and described its object as "to make known to the civilized peoples of the world what are the methods and aims of co-operation; to explain the principle and to point out the methods by which that principle can be applied to the industrial life of the people" (Mooney: 167). At that time, 70 years after co-operatives had won legal status in Great Britain, he argued for the passage of a Bill that would "give to co-operative associations of workmen that legal status which is now wanting...in order to help workmen in their endeavours to help themselves" (Earl Grey quoted by Mooney: 167). But an attempt to legislate the federal incorporation of co-operatives in 1906 was frustrated by the lobby of the Retail Merchants' Association. The RMA alleged co-operatives cheated workers, offered false hopes to

The credit union movement blossomed in Quebec after the first *caisse populaire* was founded in Levis in 1900. Then, in 1909, the Co-operative Union of Canada (CUC) was formed with the durable George Keen as first Secretary, a position he held until 1945.

Subsequently, the quest for a new ethic was obvious in the Social Gospel and Prohibition movements, feminist activism and educational reform. They should have more noticeably boosted the size of the co-operative movement. But they did not. Co-operatives suffered from bad management, inexperienced directors, vacillating economic conditions, antagonistic wholesalers and transient membership. Co-operators had limited influence over the labour movement which grew rapidly and became radical (the IWW and the One Big Union). In the rural areas the movement attracted more interest and growth.

A close ally of moderate socialism, the Social Gospel, did however play a prominent role in shaping the perspective of many Canadian Co-operators. And Roman Catholicism, in both Europe and the United States had enthusiastically supported co-operatives since the 1890s, seeing the movement as "an ally in the struggle against the evils of industrialization and the threats of radical ideologies" (Co-operative College, 1982: 18-19). A Co-operative Commonwealth was seen as a Christian

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the working classes, and co-operative stores undermined private businesses. However, co-operatives continued to be incorporated under provincial legislation across the country.

Utopia by many.

Through these early twentieth century decades the movement had two foci: agrarian co-operation and the co-operative commonwealth concept. But the movement was not a force in the land, nor was it united in the belief in a single development strategy. In fact three quite different strategies were continually debated: the first, advocated by what might be termed the purists, was that of the Co-operative Commonwealth School (a Populist philosophy, "small is beautiful, big is suspect", but ambitious for total control of the nation's economy); the second, which saw only large co-operatives as being able to amass sufficient power to affect existing economic order; and the third which advocated political action to replace the "traditional political parties which were morally bankrupt and intellectually inadequate" (Co-operative College, 1982: 20).<sup>63</sup>

Meanwhile "Canadians appeared anxious to exchange subservience to British politicians for hollow imitations of American society" (Co-operative College, 1982: 20) and although nationalism gained some strength, regionalism remained stronger and the obvious need to integrate, co-ordinate -- in short for co-operation by co-operatives -- languished.

For the Canadian Co-operative Movement the decade of the

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<sup>63</sup>The second and third strategies may respectively belong to the Co-operative Sector and Co-operative Socialism Schools.

1920s resulted in both conspicuous successes (especially in terms of agrarian expansion) and abysmal failure, the latter resulting from economic adversity and strikes. Again through this period tension within the Movement between its marketing and consumer factions resurfaced periodically in spite of Keen's claim that they could live together compatibly. However, the *caisse populaires* experienced slow and steady growth from their Quebec roots.

Although agrarian co-operatives grew in number, the same could not be said for consumer co-operatives. Writing in the *Canada Year Book*, 1925, Miss M. MacKintosh of the federal Department of Labour said the:

record of producers' Co-operation in Canada...one of steady growth...but...consumer's co-operation shows no such development" -- and after W.W.I. the more individualistic character of the population and the higher standard of living made possible by higher wages appear to have rendered consumers in Canada less inclined to co-operative effort than in the older countries of Europe.

G.S. Mooney in his Co-operatives today and tomorrow (1938: 78) reflected on this period and expanded on MacKintosh's reservations about consumer co-operatives stressing, "the desire to effect a saving in buying commodities has been the only motive of most members and there has been little knowledge of the principles of co-operation".

The material benefits of belonging to a co-operative (or credit union) were not just apparent in Canada. British co-operators were content to belong just to take advantage of the economic features of the movement. But in Great Britain the

collective strength of the well-integrated and orchestrated federated co-operatives, (which controlled over 25% of retail trade), with their strong ties to the labour movement, "had considerable influence over political, economic and social developments which is what the Canadian Movement lacked" (Mooney, 1938: 81).

George Keen (1869-1953) was the leading voice of Canadian Co-operativism during the first half of the twentieth century. Following his immigration in 1904, he helped organize a consumer co-operative in Brantford, Ontario, in 1906, initiated the formation of the Co-operative Union of Canada (CUC) in 1909 and served as its general secretary and forceful voice from then until 1945. As an active missionary of the fledgling movement he worked hard for only nominal reward, travelled extensively, spoke frequently and acted as spokesman for the CUC. He believed in the primacy of the consumer co-operative as the vehicle by which the goal of a Co-operative Commonwealth would be formed. He also believed in Owen's contention that,

man was the creature of his environment, that the sin, misery, poverty and crime was...attributable to his unfortunate surroundings...and be cured by the promotion of righteousness in our social and economic relationships, the environment both morally and materially, would be so improved that poverty and crime would disappear.

(quoted in Canadian Co-operator, March, 1911: 3)

But, and again like Owen, he had trouble in translating theory into practice, in having his ideas and vision adopted and implemented with force and vigour by ordinary co-

operators. In short he did not have the ability to "advance a blueprint for the Commonwealth" (MacPherson, 1984: 23).

Keen regarded socialism as but another form of economic tyranny and thus a political faction which must not merely be tolerated but distinguished from the apolitical Co-operative Movement. The creation of a Co-operative Commonwealth was, for Keen, merely "the material means to a nobler end: Owen's new moral world" (The Canadian Co-operator, April, 1920: 12-13). But although continuing to stress "the great social religion" as a co-operative mission he acknowledged the limited goals of most co-operators. In April, 1920, the Canadian Co-operator quoted him as having recognized three types of co-operator: the majority who wanted only a reduction in their personal cost of living and whose motives were purely individualistic and selfish; the considerable number who supported the movement's economic and social goals, but was easily discouraged in the absence of early tangible results; and the few who shared his vision of a Co-operative Commonwealth and beyond that a new moral world.<sup>4</sup>

Similarly in an early 1924 letter addressed to Henry J. May of the International Co-operative Alliance he said,

...the third sector concept of distinctive interests and needs will find little recognition or

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<sup>4</sup>Keen's admission that only a small minority of co-operators in Canada supported anything but economic goals is reflected in Mrs. Sydney Webb's assessment of the importance of the "divi" as "an immediate and tangible benefit to secure the adhesion and support of thousands of...uninspired and apathetic...citizens".



acceptance outside a small community of co-operative theorists and board directors.

(quoted by MacPherson, 1984: 74)

The depression of the 1930s with its resultant preoccupation with economic survival caused the collapse or near collapse of the Social Gospel, prohibition, moralism and even religion as forces for social reform. This decade also witnessed a decline in the enthusiasm of militant agrarians with a consequent loss of their influence and numbers.

However, following the 1929 economic collapse new political parties and other institutions formed, the trade union movement gained vitality, and belonging to a movement became a comfort and a benefit. The creation of new co-operatives gained momentum in the 1930s. As national radio networks were established, oriented towards local social issues, many co-operatives sponsored or presented weekly radio programs which tied in with local study groups formed to explore the possibilities of co-operative solutions.

This decade saw a remarkable rise in social action among a nucleus of Catholic priests and laymen in Quebec and Nova Scotia who are said to have recognized co-operatives as,

concrete, effective ways in which people could help themselves. They were a response to critics who charged that churches had abdicated their social responsibilities -- considerable papal support in encyclical and papal pronouncements from the 1890s onward endorsing social activism by priests and laymen, especially among the poor.

(Co-operative College, 1982: 31)

An increasing number of co-operators and would-be co-operators formed a growing minority who began to agree with

Keen and the purists that "with impotent governments on the one hand, and the rise of totalitarianism on the other...only co-operative techniques could make a more orderly and freer world" (Co-operative College, 1982: 32) Such beliefs only heightened the tension between the majority who stressed maximum economic returns to members and the minority who wanted to pursue social and political goals. In essence, therefore, "Although idealistic visions gained strength during the Depression, the movement remained fundamentally pragmatic, its attention focused on profitability" (32-33). Those few who were interested in the concept of housing co-operatives were frustrated by the difficulties in obtaining financing, land, and municipal support. However, at the end of the 1930s an initiative was taken in Cape Breton which realized this concept in the form of Building Co-operatives.

During the last 50 years the size and scope of the Co-operative Movement has steadily grown. The agricultural component has remained paramount, but it has represented a declining proportion of co-operatives, co-operative members and business generated.<sup>45</sup> In Co-operatives in Canada (1990:

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<sup>45</sup>See Tables 2 and 3. It is also interesting to contrast the Maritime and Saskatchewan co-operative experiences. In the former the movement was fragmented geographically and among several widely different staple industries and, as the Antigonish Movement lost its radical momentum, co-operators reduced their expectations to those of an almost only economic variety. On the other hand in Saskatchewan a movement based on a single industry and acting in a unified manner, played a substantial role in the founding of the Co-operative Commonwealth Federation -- a political party which grew into the national New Democratic Party of today.

1) we note that "most of today's agricultural co-operatives were organized in the '20s, '30s and '40s, and the caisses populaires/credit unions gained their greatest momentum in the late 1950s...". The 1950s also witnessed "the start of a major diversification of the Co-operative movement as the rural population moved to cities...housing, employment, all kinds of economic and social needs, nutrition, day care, health care and communications" (2). Since the 1950s we have witnessed a decline in ideological polemics and a confirmation of an apolitical position. Since the early 1980s worker co-operatives have been formed, often by the workers of factories which would otherwise have closed.

### Conclusions

Towards the end of the 1970s the Co-operative movement recognized that many co-operators were questioning the role of co-operatives in a country (and a world) and in a future dominated by the centralized power of government and corporate bureaucracies; a future within which social movements (and the social imperative) and voluntarism might wither, and people might grow increasingly dependent, vulnerable and reactive.

In an attempt to respond to such questions and to revitalize the Movement, the Co-operative Union launched the Co-operative Future Directions Project in 1978. Four years later and following much discussion of some two dozen working papers, studies and occasional papers, a statement of the Canadian Co-operative Vision was adopted in 1982:

Canadian co-operators share a vision of a people working together to achieve their potential, to enhance their economic and social well-being, and to produce and consume what they need through democratic institutions that root social and economic power in local and community organizations. We recognize the interdependence of people, and of organizations; and the need for effective responsive linkages. We pursue our vision through co-operatives -- organizations based on equity, equality, and mutual self-help.

(McPherson, 1984: 239)

In Canada the Co-operative Union had not been able to bring co-operative organizations together to act in concert and to expand the scope of co-operative activities. As a root cause of these failures one is tempted to suggest that Canada is too diverse in its geography, languages, economic strengths and weaknesses, and cultures to make it feasible for a national co-operative body to achieve its goals.

More recent and current co-operative initiatives designed to give the Movement a secure and effective role in the future are discussed in Appendix Three. However, it would be as well to recognize Canadian co-operators have continued to wrestle with the tensions between the economic and social imperatives, relations with government, and those stemming from internal and external priorities. These efforts have generally lacked vigorous leadership and progressive initiatives, and have neglected the social imperative of the Rochdale ideology.

As is the case in Britain, the history of the Co-operative movement in Canada is dominated by the initiatives of an exploited underclass to improve their lives and to protect themselves against threats posed by capitalism. In

both countries the economic objectives have been paramount with social benefits implicit rather than explicit. With few exceptions Canadian governments have done little more than to tolerate the formation of co-operatives but they have not discouraged them. Moderate unions and the Roman Catholic church have encouraged them, but the retail sector, wholesalers and most financial organizations have covertly if not overtly attempted to prevent, frustrate or limit their operation. In contrast to the Canadian experience the British Co-operative movement has had a strong political relationship, an essentially urban working-class membership, and a concentration on the development and provision of minimum cost, good quality goods and services through consumer stores.

**TABLE TWO**

**Number of Co-operative Members and  
Business Volume, Canada, 1928-1988**

Year	Number of		Business Mill \$
	Co-ops	Members	
1928	1,085	460,133	N/A
1935	690	345,024	128.9
1938	1,217	435,529	155.1
1943	1,650	585,826	352.8
1948	2,249	1,127,229	780.1
1953	2,773	1,429,003	1,202.3
1958	2,882	1,592,694	1,244.6
1963	2,705	1,648,000	1,681.5
1968	2,468	1,723,000	2,132.9
1973	2,255	1,869,000	3,564.5
1978	2,498	2,473,000	7,759.7
1983	3,024	2,843,300	13,862.6
1988	4,056	3,166,000	14,621.7

**Sources:** annual reports of Federal Departments of Labour,  
Agriculture and the Co-operatives Secretariat

TABLE THREE

Type and Number of Co-operatives\* and Credit  
Unions+ and Members, Canada, 1990

	Canada		Atlantic Canada		Nova Scotia	
	Thousand		Thousand		Thousand	
Number of Co-ops	Mmbrs.		Co-ops	Mmbrs.	Co-ops	Mmbrs.
Production	413	329	101	15	44	5
Agricul.	242	309	31	6	15	3
Fishery	58	10	28	6	11	1
Forestry	75	7	21	2	8	1
Crafts	38	3	21	1	10	-
Consump.	4,067	3,097	326	182	175	45
Food	350	831	91	150	37	33
Agricul.	433	284	32	7	14	5
Housing	1,528	86	133	4	92	2
Service	1,421	671	57	9	26	2
Other	335	1,225	13	12	6	3
Sub-total	4,480	3,427	427	197	219	50
Credit Unions	2,807	9,154	242	515	95	166
Totals++	7,287	12,581	669	712	314	216

Sources: Co-operation in Canada, 1990 and The Canadian Credit Union System

- \* excludes some co-operatives which failed to file reports in a timely fashion.
- + includes the Caisses populaires of Quebec.
- ++ some co-operatives and credit unions have more than one branch and many individuals are members of both co-operatives and credit unions.

## Chapter Seven

### Co-operatives in Nova Scotia

In the previous chapter we noted that some of the early attempts to establish co-operatives had occurred in Nova Scotia. This chapter begins by describing the economic distress evident in Nova Scotia after the war of 1914-1918 and the social movements that were formed as a response to that distress. One of these movements, based on a provincial university, concentrated on the concepts of co-operation as a way for the disadvantaged to improve their condition. Its success was remarkable.

In Canadian terms Nova Scotia has a long history, rich in traditions and cultural diversity, and blessed with the (until recently) abundant natural resources of the sea, the forest, underground coal and gypsum, and a modest amount of arable and pasture lands.<sup>66</sup> The economy was, and is even today, based largely on the staple industries of fish, forestry, agriculture and mining, exporting the bulk of the production from primary industries to foreign lands and to central Canada. In the late nineteenth century and with the construction of the railways, the National Policy encouraged

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<sup>66</sup>But in relative terms the political and economic significance of the province within the Canadian Confederation has declined since 1867. In that year the province was represented by 19 of the 181 members of the House of Commons, and by 10 of the 72 members of the Senate. Today the province has only 11 members among the 295 in the Commons, and only 11 of the 112 Senators. Nova Scotia's population has declined as a proportion of the Canadian total from 10.5% in 1861, to 3.3% in 1991.



manufacturing industries to form and develop and compete with the new industrial plants of Quebec and Ontario.

However, as the twentieth century unfolded, and especially after the end of the war "to end all wars", it became increasingly apparent the National Policy had produced a national economy in name only...the Maritime Provinces had become a resource hinterland dependent on the central Canada heartland. The harvest of this dependency was reaped in the grim decade of the 1930s with the collapse of international trade and investment. Nova Scotia, as a province largely dependent on primary exports, was naturally most severely affected.

Economic statistics tell some of the story: the value added in agriculture slumped from \$18,778,000 in 1929 to less than \$12 M. in 1932; in the fisheries from over \$7 M. in 1929 to \$3 1/2 M. in 1934; in mining from \$27 1/2 M. in 1929 to less than \$15 M. in 1932 (APEC Statistical Review). The per capita personal income of Nova Scotians was less than 80% of the Canadian average in 1926 while the cost of living has tended to be higher both before and after that date.<sup>67</sup>

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<sup>67</sup>Theories on the reasons for the decline of the regional and provincial economy are varied but will neither be described or debated in this paper. Sufficient to say they have ranged from the "docile, quiescent, slow to generate any kind of collective action" character of the people, labelled as a myth by Reid (1987: 161), and an area "handicapped by geographically-based localism, personal animosities, religious division and ethnic differences" (MacPherson, 1975: 68), to the neo-Marxist theory of monopoly capitalism's exploitation and also the transfer of surplus (Veltmeyer, 1979: 19).

Industrial statistics and economic theories aside, the federal Department of Labour was obliged to admit in 1929 "that a family needed \$1200 to \$1500 a year to maintain a minimum of decency", at a time when "60% of working men and 82% of working women were earning less than \$1000 a year (Morton, 1983: 173). In the early 30s and in Nova Scotia even larger percentages of men and women earned less than that; the unemployed survived on relief, while according to Morton (1983: 177) the media trivialized or ignored the misery of millions and politicians refused to subsidize idleness, i.e., the unemployed.

However, it cannot be denied that federal and provincial politicians did attempt to resolve the problems of the Maritimes and Nova Scotia. Among the many royal commissions appointed in Canada during the 10 years between 1925 and 1935 there were no less than seven relating to the region, three of which concerned coal, one the fishery and three federal-provincial financial arrangements.<sup>8</sup> But they did little to relieve the miserable existence of the poor who continued to be blamed for their poverty.

Through the decade of the 1920s two social movements were

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<sup>8</sup>The Duncan Commission (1925), the R.C. Respecting the Coal Mines of Nova Scotia (1926), the R.C. Respecting the Coal Mines of Nova Scotia (1932), the R.C. Investigating the Fisheries of the Maritime Provinces and the Magdalen Islands (1928), the R.C. on Maritime Claims (1926), the R.C. Provincial Economic Enquiry (1934), and the R.C. on Financial Arrangements between the Dominion and the Maritime Provinces (1925).

particularly active in an attempt to improve the condition of Canadians and Maritimers -- the Social Gospel and the Maritimes Rights Movements. The former was an attempt to apply Christianity to the collective ills of an industrial society and became a major force in the country's religious, social and political life. This Canada-wide movement petered out when the electorate were given a choice between prohibition and old age pensions, and opted decisively for the latter. The Maritimes Rights movement was more than a social movement as it was based on regional "aspirations of a political, economic, social and cultural nature which were seriously threatened by the relative decline of the Maritime provinces in the Canadian Dominion" (Forbes, 1979: 37).

Writing on the political culture of the Maritimes in the 1930s, Howell (1978: 111) said "the 1930s...was a period of political conservatism...the collapse of the Maritime Rights crusade...left most Maritimers disillusioned with indigenous reform activity of either the liberal or radical variety", but noted the one exception in the emergence of the co-operative movement. He continued by stressing that regional protest gave way to regional dependency leading to a diminished self-confidence in the light of the "concrete connections between corporate capitalism and the overlapping identities of interests and outlook of government and business". Materially and psychologically the people of the Maritimes were depressed, and the local politicians were timid, deferential

and conservative.

Although there was some evidence of recovery after 1933, the two decades of the 1920s and 1930s had seen a dramatic deterioration in the economy of the province. Admittedly politicians had been active in their attempts to stem the downward spiral, but labour unrest had increased, and social movements were formed and exerted pressure on the established political-economic order.<sup>69</sup> All to little avail. Factors outside the province, and indeed outside Canada, precluded any significant amelioration in the lot of the ordinary people: the urban proletariat and the fishing, farming and forestry folk who subsisted on the basis of their occupational pluralism (Sacouman, 1980: 235).

In the 1930s the situation was bleak. The economic depression that had characterized the province (and the Maritimes generally) since after World War One was exacerbated by the Great Depression triggered by the stock market crash of 1929. Politicians and social activists had largely resigned themselves in the 1930s to wait out the depression in the knowledge only larger forces beyond their command could bring about improvement. In a post-industrial and deindustrialized environment the private sector either could do or would do little to protect their workers from the ills of a

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<sup>69</sup>For example the miners of Cape Breton had established the Provincial Workmen's Association in 1881 and its successor the United Mine Workers District 26 was the largest labour union in the country in 1919 with 13,365 members.

deteriorating economy.

Realizing that extreme political or economic solutions were not available (radicals had attempted such solutions but had been crushed by the armed might of the state), urban and rural workers, encouraged by such institutions as St. Francis Xavier University, organized to help themselves from their limited financial and educational resources. The self-help ideals and practices of the co-operative movement came to the fore and made some progress towards the movement's dual goals of economic emancipation and social development. This progress was particularly evident in the eastern counties of the province.

In those seven eastern counties "the rural population had declined from 131,886 in 1891 to 105,279 in 1931", and this outmigration "acted like a pernicious anemia on hundreds of small communities", (Coady, 1945: 4-5). Through the same 40 years the population of Cape Breton County is reported by Statistics Canada to have increased from 31,258 to 92,502.

#### The Antigonish Movement

The movement which became known as the Antigonish Movement began in the 1920s when Saint Francis Xavier University (SFXU) initiated a series of "People's Schools", which brought together to the University "groups of people with varying educational backgrounds for six weeks and gave instruction in various fields of knowledge" (Coady, 1945: 5-6). After 4 years (1921-1925) it was realized that to be more

effective adult education should be delivered to more people and in their home communities rather than to only a few people on a university campus. To this end a number of annual Rural, then Rural and Industrial Conferences were held, "attended by leaders in all walks of life who were anxious to inquire into the economic difficulties of the people of Nova Scotia" (Coady, 1945: 5). Their conclusion was that, "education of the type which would reach out and operate in the lives of the great majority of the people must be the first step to reform and social improvement" (Coady, 1945: 6).

SFXU set up an Extension Department in 1928 to organize and develop the necessary techniques to deliver this program. Those concerned believed the established primary and secondary public school systems created classes in a supposedly classless society and overly emphasized education for material/economic reward. What they wanted was adult education using local discussion group techniques to enable men and women to realize their potentials, especially, and as a priority, their economic potential by improving their individual efficiency through group (i.e., co-operative) action.

The Antigonish and Co-operative Movements formed a natural alliance. Both sought social development ends through economic action, regarded education as the pre-requisite, believed in evolution and not revolution, i.e., the middle way, and acted independently of government but with the

benevolent interest of government."<sup>70</sup> In eastern Nova Scotia the SFXU-based Antigonish Movement became the force behind the creation of virtually all co-operatives through the period 1925-1945.<sup>71</sup>

Sacouman (1985: 331-333) maintains four factors explain the origin and growth of the Movement. First, what he terms "preconditioning factors"<sup>72</sup>; then the local conditions of individual distress and malaise, the impoverishment, rural depopulation and loss of ownership and control as the industrial workforce was proletarianized. Thirdly, a small cadre of dynamic local leaders centred around SFX diocesan

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<sup>70</sup>For example in Nova Scotia a revised Housing Act was passed in 1937 which permitted the government to make a mortgage loan to groups of people and thus paved the way for the Province to loan money to housing co-operatives.

<sup>71</sup>Before 1925, 172 co-operatives were established in Nova Scotia (95 of them were still operating in 1983). The majority of those were consumer co-operatives in towns (industrial Cape Breton, Pictou County and Halifax), and producer co-operatives in rural areas (especially the Annapolis Valley). Those that succeeded and endured followed the Rochdale Principles, those that failed did not. As Mooney (1938: 11) stresses, "A Co-operative Society organized by well-meaning but uninformed people, or even by people who understanding Co-operative Principles imperfectly, is well on the road to failure from its very inception".

<sup>72</sup>These preconditioning factors included: the growth of adult education in Britain, the United States and Scandinavia; the growth of co-operation in Britain and Denmark; the credit union movements in the United States and Canada; the threat of the Russian Revolution to the Western World; the general confrontation of capitalistic economics by organized workers following W.W.I; and anti-communist Catholic social philosophy advanced by papal encyclicals which began in 1846 -- especially those of 1891 and 1931 relating to harmony between ranks in society and the need to introduce a "mechanism to bring about harmony by returning to the masses...some ownership and control over their destinies".

university -- with two cousins acting as the nucleus."

Sacouman's fourth factor was "capitalist underdevelopment which exported raw materials and human labour". Father Moses Coady was made first director of the SFXU Extension Department, and from the beginning led a non-denominational, ecumenical movement which gained a strong following even in the industrial communities of Cape Breton where the priest shared influence with the company manager and the union leader.

Through the depression years of the 1930s and largely spurred by the SFXU Extension Department's staff, scores of co-operatives and credit unions were established in the seven counties of eastern Nova Scotia. In fact 63 of the 72 co-operatives created in that decade were inspired by the Antigonish Movement, and of the 200 credit unions begun during the years 1932 and 1940 in Nova Scotia, 103 were in those counties.

The philosophy of the Movement, as developed by Tompkins and Coady, and confirmed by Johnson in 1944, included six principles:

- 1) The primacy of the individual -- and his equality
- 2) Social reform must come through education -- then

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<sup>12</sup>The cousins Fathers J.J. Tompkins (1870-1953) and Moses N. Coady (1882-1959), both Roman Catholic priests, educated in the United States and of Irish origin (the former being described as diminutive, irascible and prodding, and the latter as dynamic, humble and philosophical). They were assisted by Dr. Hugh MacPherson and Fathers Michael Gillis and John R. MacDonald, and representatives of the Scottish Catholic Society, supported by Carnegie Corporation funds.



- self-help
- 3) Education must begin with the economic -- "selfish" education
  - 4) Education must result in group action -- e.g., credit unions
  - 5) Effective social reform involves fundamental changes in social and economic institutions -- prepare to deal with Established order
  - 6) Necessity of promoting the full and abundant life for all -- full development of human potential to benefit society

Coady (1945: 12, 22) called the Maritimes "the graveyard of industry", but claimed that co-operation would bring the poor "along the road of progress", especially economic progress as a first priority, and that it would provide equal opportunity, democratic government and would raise the spiritual and moral values of the common man. He and others embraced the Co-operative Principles with confidence.<sup>24</sup>

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<sup>24</sup>A reference to the Articles of Association of the Halifax Co-operative Society, which was incorporated in 1939, confirms this adherence to the traditional Principles:

- \* Article 5 states that the operation of the Society shall be carried on "according to the principles and practices of Rochdale Co-operation with such modifications as modern or local conditions may from time to time require"; and goes on to list in ten sections those principles and practices of universality, democracy, mutuality, equity, economy, publicity, providence, neutrality, liberty and unity.
- \* Other Articles stress quality (4.1), service and not profit as the motive (4.1), the need for each member to patronize the Society by trading with it for at least \$150 a year (6.2), a requirement that each member shall invest in the Society on loan a minimum of \$25 (8.1) and up to \$500 (8.4).
- \* In addition the Society was authorized to set up a credit union for members (10), and borrow (11).
- \* The disposition of net profits was precisely detailed: 5% to a Reserve Fund, plus a further 5% to a General

### Industrial Cape Breton

In Cape Breton nineteenth and twentieth century development concentrated on the mining of coal and was centred on the city of Sydney. Frank (1985: 86) has noted that the "growth of the coal industry...was characterized by the financial opportunism of its successive owners, rather than any commitment to principles of regional economic welfare", who practise a "policy of rapid resource depletion", and that even "native Cape Bretoners, like D.H. McDougall and W.D. Ross, were capitalists foremost and proved no more loyal to the region's welfare than (outside owners) Whitney, Plumber or Wolvin". Frank (1985: 85) also noted that "after the 1920s the main function of industrial Cape Breton in the national economy" became "to provide a large pool of labour for the national labour market, and in time of need, to supply reserve capacity for the national energy and steel markets".

Michael Earle and Ian McKay have pointed out that the history of the mining industry was also characterized by "a powerful and radical union movement and an intense class struggle" (1989: 17). To this conflict must be added a series of governments utilizing tactics ranging from the conciliatory, through the coercive to the engaging of the army to restore order (Abbott, 1989: 24-36).

The life of the coal miner and his family was not a happy

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Reserve Fund; 24 to an Educational and Welfare Fund; and the balance to members on the basis of their patronage.

one between the two world wars. Most occupied men company-owned housing and, while many had access to co-operative stores, were obliged to patronize other company-controlled facilities and services. On the job, safety standards were minimal and hourly rates of pay more likely to be reduced than increased, as also were the number of shifts they worked each week. Appearing before the 1925 Coal Commission, the president of District No. 26 of the United Mine Workers proved

the grim reality of poverty, hunger, and destitution that is the lot of the miners. Men, women and children, hungry, ill-clad, undernourished, sick, despondent - a pitiful sordid tale of living on short rations without any decency or comfort, without sufficient clothing, shoes, bedding...or all that is ordinarily required in the daily life of human beings.

(Royal Commission, 1925: 56)

All this is typical in a hinterland economy dominated by external capital ownership bent only on the maximization of the return to shareholders. The conditions endured by the miners are comparable to those of the early nineteenth century textile workers of Lancashire, England, as described earlier in Chapter Two. Similar too are the co-operative solutions initiated by them.

### Co-operatives

A successful consumer co-operative had been established in Sydney Mines in 1906, and was primarily the work of recent arrivals from the British Isles, men and women who had been trained to see the co-operative store as a major part of their lives.

The British Canadian Co-operative Society was founded by the same men who a few months earlier had established a fraternal society called the Sons of the British Isles, and followed strictly the tenets of the Rochdale system, emphasizing high patronage dividends, cautious expansion, adequate reserve funds and a strong educational program. The Society prospered, opened five branches in the area and as MacPherson (1979: 130) comments became "a tantalizing success symbol for co-operative enthusiasts in the Maritimes". Through the depression it continued to pay a dividend to members on their purchase of between eight and ten percent, and benefited from sound management and financial stability. But it was "somewhat isolated because of social, ethnic and religious differences" (MacPherson, 1979: 87), and not unnaturally it was preoccupied with its own operation through difficult economic circumstances and had some excuse for failing to lead the further expansion of co-operatives and embrace the aggressive invasion of the SFXU Extension Department into the same area. While the British Canadian was "probably the largest consumer co-operative in North America" (PANS MG 100 Vol. 33.9: 5) it feared entanglement with weaker co-operatives and was jealous of its autonomy, British connections<sup>73</sup>, and self-sufficiency.

Staff of the Antigonish Movement regarded the British

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<sup>73</sup>The British Canadian was affiliated with the British Wholesale Co-operatives and imported managers from Britain.

Canadian as "too cautious, too independent, like clams, incredibly lethargic, anti-Catholic and obstinately pro-English"; and the new School for Social Research of New York described the English Movement as "stodgy, without initiative and without imagination" and without "a social philosophy"<sup>76</sup>

In 1932 the Extension Department opened a branch office in Glace Bay headed by "Red Alex" MacIntyre, a coal miner and union leader, and convert from the "Red Way".<sup>77</sup> Writing in 1945, MacIntyre said that "it seemed to me that one did not have to deny the existence of God and Christianity just because he wanted to fight the economic battles of the people" (1945: 20).

In that same year (1932) he stimulated the establishment of Nova Scotia's first credit union in neighbouring Reserve Mines (with 19 members and a capital of \$4.75 which grew to 420 members and a capital of \$12,000 by 1935). A Women's Division was created with the Extension Department in 1933 and MacIntyre fostered the establishment of 350 women's study clubs by 1935 which concentrated largely on women's issues, household management and health. These and other initiatives gave the people of the area a "security and new confidence"

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<sup>76</sup>Excerpts from L.R. Hollett letter to A.B. MacDonald, and from Horace Kallen to Father Tompkins, March 1938.

<sup>77</sup>Pro-active men associated with the Extension Department of the Catholic SFXU won the day over "radical political leaders" (a euphemism for marxists), who wanted to radicalize co-operatives and advocated militant protest" in Cape Breton...by showing that "moderate reformism could effect fundamental change" (Co-operative College, 1982: 31).

(Mooney, 1938: 113) in themselves and their community as a co-operative entity.

The efforts of Alex MacIntyre were complemented and compounded when Father Jimmy Tompkins was appointed as parish priest at Reserve Mines in 1935. Tompkins believed in education (he had started the People's School back in 1921), but education for action. Like Coady, religious dogma and divisions did not concern him. He told the people of Little Dover they must work together and rely on their own resources. Subsequently that impoverished community built and co-operatively owned a lobster cannery, a buying club, fishing boats, acquired goats to provide fresh milk for its children, got a new school built and started cottage industries.

As early as 1887 a consumer co-operative store operated by the Reserve Co-operative Store Company had opened in Reserve Mines and carried on business for 11 years when it closed due to high unemployment in the mines, members emigrating to elsewhere in North America, and the death of the manager. Then in 1920, and again in that town the Reserve Farmers' Co-operative Society was established under the Farmers' Co-operative Societies Act of 1914. Co-operation was not new for the town where in 1930 60% of the people were on relief (Mooney, 1938: 109). In short order after his arrival Tompkins had been instrumental to the founding of 15 study clubs, a credit union and a People's library. By 1937 the miners of Reserve Mines had witnessed the successful launching

of a co-operative store in their town that year and were benefiting from membership. Some of them had helped to found it.

As Moses Coady said in his Introduction to The Story of Tompkinsville (Arnold, 1940: 3), "we had become almost complacent over the Cape Breton set up, when we received a bit of a shock...and that from our prize (study) group, the first we organized in Cape Breton at Reserve Mines. These miners announced that they wanted to study co-operative housing...and to build their own houses".

### Conclusions

In this and the preceding chapter we have seen how the essential ideology of the modern Co-operative movement remained unchanged as old co-operatives matured and new co-operatives were formed around the world. With varying degrees of commitment and success the social imperative followed the growth and migration of co-operatives and in widely different political, economic and social mileau.

In Canada with its vast distances, cultural and language differences and semi-isolated urban centres no single variety or kind of co-operative became naturally dominant, and no well-orchestrated, integrated national movement emerged to speak for the movement. But these factors, which many regarded as weaknesses, were in a sense sources of strength. They brought a greater flexibility to innovate and improvise; to work out tailor-made solutions; and obliged new co-

operators to help themselves. And there is no more evident and successful an example of this than the Arnold Co-operative Housing Association.

As was the case in nineteenth century Britain, until 1934 neither Canada nor Nova Scotia were prepared to shoulder the responsibility for helping provide decent affordable housing for those unable to acquire it without assistance. However, as we shall see in the next chapter, the State began to support the needs of the less fortunate in the 1930s, most noticeably in the encouragement of co-operative housing.

Between the two World Wars the private sector industries of Nova Scotia were pre-occupied with their survival. In the desperate conditions that prevailed, especially in Industrial Cape Breton and most rural areas, the private house building industry offered no competition to Building Co-operatives; the former was inactive, they had no clients.

In both Britain and Nova Scotia co-operatives worked within the established order and strived for incremental progress. But the character of the co-operatives formed differed considerably. In Britain most co-operatives belonged to a tightly-knit and large federation concentrating on consumer co-operative stores. In Nova Scotia co-operatives were only loosely connected, and they tended to be small local and of many kinds. The British co-operatives primarily served the urban industrial worker, while in Nova Scotia co-operatives served small producers and the employed, both in



urban and rural areas.

Two other elements may be highlighted before closing this chapter. First, the substantial and unique role played by the Roman Catholic church in stimulating the establishment of local co-operative initiatives, particularly in rural communities -- contrasting with the secular and urban activity of the British co-operators. Second, the similarities between the working and living conditions of the industrial classes in the England of the 1830s and in Nova Scotia 100 years later...and of the priority given to housing by the early co-operators in both countries.

## Chapter Eight

### Building Co-operatives

The group of coal miners who gathered together in Reserve Mines one evening in the Fall of 1936 at the home of Joe Laben, had decided to study housing; specifically they asked themselves the question, "What could we do to own our own houses?"<sup>2</sup> It took them about two years to develop a plan and the necessary technical knowledge to commence construction of the eleven houses which were collectively named, "The Arnold Housing Corporation" and became the first Building Co-operative in Canada. These twentieth century pioneers were fitting heirs to those of Rochdale and they too, by happy coincidence, also had a good idea at the right time in the right place and applied themselves vigorously to the development and implementation of a plan to co-operatively build new houses for themselves and their families. Their success inspired no fewer than 981 other groups to form elsewhere in Nova Scotia and build 5511 houses before the end of 1973. Half the 5511 houses built were located in the eastern counties of the province where the Extension Department was active. Of the balance, 32% were built in the Halifax-Dartmouth-Sackville area, and the remaining 18% elsewhere in mainland Nova Scotia. Thousands were built in

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<sup>2</sup>Joe Laben quoted in Cape Breton's Magazine, Vol. 16, p. 9 (undated).

the rest of the country using the same co-operative technique."<sup>7</sup>

The development of co-operative housing was not, however, unique to Canada although it has been described as "a distinct social innovation compared to co-operative housing in most other countries" (Co-operative College, 1982: 90). We have reviewed the nature of co-operative-type housing built in Britain, and noted its growth in popularity, especially in Sweden. Between the two world wars most co-operative housing built in the United States was built in New York City, and invariably in the form of apartment buildings.<sup>8</sup>

According to Paul MacEwan (1976: 149) most of the Cape Breton miners of the 1920s and 1930s lived in company-owned housing built between 1895 and 1910. The 3500 such houses were basement-less, without bath or toilet facilities, many had rotted floors and leaky roofs. The houses were crowded together in rows, outside privies were shared and the lots insufficient to grow any food. Once they left the company's employ, usually for reasons of industrial injury, the miner

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<sup>7</sup>According to the best estimate, about 12,000 units were built through the 1950s in Nova Scotia, New Brunswick, Quebec and Ontario...and 2000 in Saskatchewan in the 1970s" (Co-operative College, 1982: 90).

<sup>8</sup>One example is the Amalgamated Dwellings Inc., a project of eight buildings with a total of 231 dwelling units. The project has a 24,000 square foot garden, an auditorium, gymnasium and roof garden. The Co-operative members bought into the project by paying, over a period of up to 10 years, \$500 a room and in return required a share and the right to occupy a unit subject to the payment of a monthly housing charge to cover operating expenses (Mooney, 1938: 151-152).

and his family were obliged to vacate. "And those were cold houses built on the ground. One fellow described his house -- said if he dropped seeds on the floor they'd go down in the cracks and in the Spring they sprouted and came up through the floor. Outdoor toilets. Sills all rotted" (Joe Laben quoted in Cape Breton's Magazine, Vol. 16: 9).

In her account of the Arnold Co-operative, The Story of Tompkinsville, the author, Mary Ellicott Arnold, confirms the descriptions of MacEwan and Laben, and adds,

All the houses were painted a dark green or brown...It is hard to keep dirt and damp from seeping up through the cracks. As in all old houses the wind finds an easy way inside through the cracks around doors and windows...The sink is often in a dark corner behind a door. The yards are small and only the braver spirits find a way to some grass or flowers.

(Arnold, 1940: 13)

The miners were paying \$10.00 a month for those old houses. In the period 1937-1939 they averaged three shifts a week and if they were "on the face"<sup>11</sup> earned \$6.50 for each shift. Almost exactly the same amount, \$6.26, was deducted each week for coal and its transportation to the miner's house, water, doctor, union, relief, church and hospital contributions. The average miner's take-home pay therefore was \$13.24 a week or \$53.00 a month or \$636.00 a year<sup>12</sup> when

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<sup>11</sup>Those who worked on the coal face were the highest paid miners.

<sup>12</sup>The Arnold Co-operative miners were more fortunate in 1937 earning between \$800 and \$1000 as wages (Arnold, 1940: 40).

the federal government established \$1000 as the minimum adequate for a Canadian family to live decently.

The Arnold Building Co-operative

The miners of Reserve Mines who formed the housing study club were particularly fortunate in the support they received from Father Tompkins and other resource people associated with the SFXU Extension Department. Father M.M. Coady, the Department's Director, who "from 1930 to 1938...travelled the length and breadth of the industrial districts" (Arnold, 1940: 11), stimulating interest in forming local study clubs, credit unions and co-operative stores, believed a housing co-operative,

...is the best for building human beings. It touched them more than the rest; it is equally of interest to men and women. The man who has planned, financed, and built his own home has everywhere about him the evidence and reminders of his achievement,

and contrasted them with tenants who he described as "alien in a world which should be theirs" (Arnold, 1940: 5). At the same time he admitted co-operative housing to be "one of the most complicated forms of co-operative activity"...requiring "not only a comprehensive knowledge of Co-operative philosophy and practice"...but "also a familiarity with the technical and financial side of planning and building houses...and above all a measure of energy, enthusiasm and strength of purpose not commonly found among people of limited education and experience" (Arnold, 1940: 2-3).

In the summer of 1937 Mary Arnold and Mabel Reed visited

SFXU to study the University's Adult Education program and the former asked if she might join the Extension Department staff. Coady was delighted to accept her as "a dyed-in-the-wool co-operator", a person who had studied co-operation in Europe and America, had been since 1919 treasurer and general manager of the Consumers' Co-operative Services in New York and most significantly in terms of her potential to help with the Reserve Mines housing idea, had directed the development and management of a 67 unit, 13 storey Co-operative apartment building which was constructed by the Co-operative in 1930."

With Alex MacIntyre and Ida Gallant in the nearby Glace Bay Extension Department office and Dr. J.J. Tompkins as parish priest coupled with the co-operative experience the group of miners had gained as members of the local credit

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"In his book Co-operatives: Today and Tomorrow, George S. Mooney devoted Chapter XIV to this Co-operative and in it describes Arnold as "an able social philosopher, an epicure and connoisseur of good food", and blessed "with a more than ordinary business acumen", p. 121-122. This co-operative service organization also founded 11 co-operatively-owned cafeterias in New York through the 1920s. The development of the 67 unit apartment co-operative on West Twenty-first Street involved "those who want a life free from the domination of landlordism and in the spirit of mutual aid to work out co-operatively the pressing economic problems of food and shelter". Co-operative eating had suited them as members of the cafeteria co-operatives so it was natural that co-operative housing would follow. Other interesting elements of this development included: a building and unit design based on the results of a questionnaire completed by those looking for a co-operative solution in their housing needs; higher than market level wages for staff with a ratio no higher than 5:1 between top and bottom salaries; the dedication of up to 50% of net earnings for co-operative expansion (education and business); and that it was "all based on the proven Rochdale Methods and the techniques of Co-operative operations".

union, Moses Coady "sat back with a feeling of intense relief" (Arnold, 1940: 3).

Fortunately the provincial government had created a Housing Commission in 1934 prepared to loan money at lower than market interest rates (3 1/2%) for inexpensive housing. In its report for the year ended November 30, 1937, the Commission referred to the Arnold Co-operative Housing Association which it had incorporated and noted that it had

purchased the requisite land for the development of a model village in the mining community of Reserve -- a group of individual homes, each with land sufficient for a substantial vegetable garden...contiguous play space for children and effective landscaping...variegated construction will provide individuality... (NSHC, 1937: 12-13).

Following their initial meeting in the fall of 1936, the housing study group spent 18 months meeting weekly learning how to operate a study club, studying co-operative history and philosophy, the cost and financing of housing, operating and maintenance costs, co-operatives v. individual ownership, the law of corporations and co-operatives, and the planning, design and construction of wood-frame housing. As the President of the co-operative Joe Laben later recalled, "we gave up fishing, gave up the tavern -- dedicated ourselves to building the houses" (The Cape Breton's Magazine, Vol. 16: 10).

They were encouraged if not pressured by Fathers Coady and Tompkins who told them, "whatever you fellows do in this housing group it's going to mean a lot to the future of co-

opeative housing. If you do it right we'll have co-operative groups all over this country" (Joe Laben writing in the Cape Breton's Magazine, Vol. 16: 10). Those miners knew they were pioneers of a new form of co-operative.

The St. Joseph parish owned 22 acres of land willed to it several years previously as a graveyard. Joe Laben recalled that "Father Jimmy said he was going to bury the living on it, and we paid 50 dollars a lot" (10). These lots were carved out of "barren fields" and "though somewhat deficient in humus the soil was light and well-drained" (Arnold, 1940: 16). By June 3, 1938, eleven basement excavations had been dug by hand. The majority of the eleven houses had two stories and basement, three bedrooms, a large kitchen, a living room, dining room and a three-piece bathroom; the remaining houses were of one-and-a-half stories; all were detached and each occupied a lot of about one acre with the houses themselves measuring about 24 feet square. Each had design features dictated by the specific needs of their new owners.

The Labens, Joe and Mary, moved into the first completed house on November 27th, 1938, just over two years after the study group was formed. Mary Laben recalled later that she "made a great pot of stew and a pile of homemade bread so everybody could eat together their first meal on a sheet of gyprock supported by two wooden horses (Cape Breton's Magazine, Vol. No. 16: 12).

The houses cost \$2,000 each, including \$400 attributable



to the value of co-operative member labour," land \$50, expert mason, plumber, electrician and supervising carpenter labour costs, \$100, and materials \$1450. The NSHC provided a blanket mortgage in the amount of \$1500 a house amortized at 3 1/2% interest rate repayable over a period of 25 years, each miner saved and paid \$150 in Cash (\$50 for his lot and \$100 for expert labour).

The miners each paid \$12.15 a month for their houses. This included \$7.47 for the interest and amortization on his share of the total mortgage loan," municipal tax payments of \$1.53, insurance costing 65 cents, and a reserve fund payment of \$2.50 -- as "an insurance against slowness or failure in paying 'rent , due to illness or accident" (Arnold, 1940: 32). The reserve fund built up and enabled the co-operative to pay off the mortgage loan in 20 years, 5 years less than had been anticipated.

In Chapter Five it was noted Catherine Webb had questioned the degree to which co-operators should be encouraged to rent or purchase their housing. In the Arnold and other building co-operatives the members purchased their houses subject to a blanket mortgage which obliged them to be collectively responsible for discharging the mortgage debt,

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<sup>14</sup>This owner labour came to be called "sweat equity".

<sup>15</sup>The miners were able to persuade the NSHC to let them pay equal monthly amounts, rather than the conventional arrangements that required payments beginning higher and gradually reducing over the period to repay the loan.

Illustration No. 5



The Arnold Housing Co-operative

and, when this was done, each acquired an individual house deed. In the study and building phases these miners developed a close community of interests. These interests assumed a different and weaker character once the construction phase was complete, and members increasingly wanted to wind up the co-operative and be responsible only for their individual houses. The dream or ideal of traditional home-ownership became paramount.

With an understandable bias which tends to emphasize the positive rather than the negative and thereby understate difficulties overcome, Joe Laben claimed

...it wasn't hard. We had a lot of fun. We are all together. Fine days our wives would come out and make tea...we had gardens and all had our own vegetables. We had cows and we had pigs and chickens...the knowledge we gained from that was an education in itself.

(Cape Breton's Magazine, Vol. 16: 12)

The members of the Arnold Co-operative may have been fighting against the power of industrial capitalists, but rather than become embittered they concentrated on what they could together achieve to improve the quality of their lives in a spirit of *Gesmeinschaft*. Leo Ward, writing in 1942 (96), and referring to Tompkinsonville elaborates on the apparent sense of community in saying, "Everybody is somebody in this town" now..."they cease to belong to the down-trodden proletariat". Their self-esteem and status in the community was clearly enhanced.

The role and support given by the miners' wives has been

referred to and is again evident in Ward's reference to the man and wife together making "some rough greenhorn plans for the types of houses they would have" (99). It is evident too that, while the co-operative was not designed to continue beyond construction completion in any substantial fashion, "the people continued to work together...in the planning and hoping for new goals" (102). Again, and in commenting on the death of Angus Currie's wife "just when the houses were going up...in this village a widower is not alone, and his (6) children are not totally unmothered" (103).

But in many ways the real and tangible benefits could not be counted or measured as "they say the spirit back of any co-operative building and living, of house or stores or lives, is more decisive than the thing built, and surely this is true" (103).

#### The Building Co-operatives of Nova Scotia

The Annual Reports of the Nova Scotia Housing Commission throw light on what the province considered important about the results of the co-operative housing program which evolved from the Reserve Mines experiment. Between 1940 and 1960 the reports were characterized by an evangelical enthusiasm for the co-operation, hard work and positive results in terms of not just good quality, affordable housing but in building a community, responsibility, pride in ownership, and industrious and contented citizens -- citizens it may be inferred who would be less inclined to engage in any activity considered

subversive! Mortgage payments are made promptly, houses are "attractively painted and simply but brightly furnished" (1940: 8). Poultry is raised and gardens cultivated (1940: 8) and the residents benefit from the "decent houses, healthful and sanitary living, and surroundings most favourable for the development of industrious and contented citizens", in communities rather than in isolated houses (1940: 9).

In subsequent reports it is noted that "these housing associations have Catholic and Protestant, white, coloured and Italian families all working together in close and friendly co-operation...in joining the procession...goal of enjoying a modern sanitary home" (1950: 5). Referring to the Sunnybrae Co-operative it was noted that an electrician, a carpenter, a dental technician, a clerk, a steel worker and a policeman would create "a miniature world of its own". This report refers to other co-operatives' housing "both white and coloured citizens" and "a number of steel workers, several of which are of Italian descent" (1950: 7-8). The 1955 report remarks on the "fringe benefits" such as "community organization, training in business responsibility and in citizenship values" (6), while in 1957 the report notes "the latent power of self-help which inheres in the common people" and their "eager participation in a sacred human activity" represented by group collaboration...in other words by a combination of individualism and the collectivistic philosophy of the socialist kind, i.e., the "Middle Way". Continuing,

this report refers to "social solidarity", the "enrichment of democratic society", "mutualism", the "pastoral in character" nature of the relationship of the Commissioners and the home makers, "not unlike that of padres and their parochial charges!"<sup>8</sup> In 1958 it is reported that the plan (the co-operative housing program) "...capitalized on the tradition of a folk unexcelled in earlier years for their flair for building wooden ships and presented the opportunity for the redirection of their construction instinct into the erection of wooden houses".

The NSHC made considerable assistance available to the co-operatives (apart from long-term, low-interest loans), including free architectural services and supervision; free legal assistance; the waiving of provincial and incorporation fees; accounting and bookkeeping assistance; and the assumption of carpenter's risk insurance. In addition the provincial Department of Agriculture "instituted a beautification scheme...Carolina Poplars and Maples were planted...a hedge was set out bordering the highway" (1940: 8). During the 1940s reports mention the further support provided to co-operatives by Provincial officials to "encourage greater individual and group effort towards grounds improvement"; "the utilization of Home Economics principles in

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<sup>8</sup>And yet throughout these reports there is no mention of the services provided by the staff of the Extension Department of SFXU...until their efforts are briefly acknowledged in the report for the year ended March 31, 1968.

household management"; "training in the elements of business responsibility"; and strengthening ideals of neighbourliness, self-help and mutual aid. Some shortcomings had obviously become evident to provincial officials. The NSHC took considerable pride in this Co-operative housing and in 1952 the report records "the members of the Commission have derived no keener satisfaction than in noting how mutual helpfulness springs up like flowers in these 'friendship villages'".

Until 1960 then the program would appear to have been an unqualified success and to have been well-supported by a committed NSHC. Economic and social benefits were apparent. In subsequent years, as both the annual reports and the Roach Evaluation<sup>17</sup> make clear, the Province reduced the services they provided to the period of construction only and the early ethos of co-operative enthusiasm and community development was no longer evident. Even though Roach makes no attempt to explain why this should be so, it is possible to suggest several reasons.

It is probable the most substantial factor was the

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<sup>17</sup>In 1973 the Nova Scotia Housing Commission contracted with the Reverend William M. Roach to prepare "an overall picture of its co-operative housing program" (Roach: 3). The survey began in the Fall of 1973 and Roach's report was published in April, 1974. It involved 100 Lower Sackville and 98 Sydney families occupying housing built in the 1967-1971 period. The NSHC wanted the Study made as the federal government was preparing to launch what became known as the continuing co-operative housing program and it needed to decide on whether or not to continue the jointly financed building co-operative housing program (since 1953 the federal government had funded 75% of each mortgage).

increasing role of government, not only in the administration (bureaucratization) of the program, but also in the development of large tracts of land for the co-operative groups to build on, and in the introduction of other and more generous housing programs for those of modest income. As government increased its role the missionary zeal and expertise of the SFXU Extension Department staff, which had stressed the need for a thorough and demanding period of education in co-operative principles, collective self-help and building technology, was no longer required.

Also pertinent is the fact that through these years the co-operative movement was experiencing change. Increasingly it was subdividing organizationally into discrete economic segments operating regionally and losing the integral ties of local community-based co-operatives with their stress on the needs for community development. Gesellschaft was beginning to replace Gemeinschaft. Another factor which undoubtedly eroded the need for the training and time of individuals in the building of their own houses was the development of a larger, better qualified and more efficient private building industry -- especially in urban communities and in the delivery of houses manufactured in factories.

However, and while the co-operative character of the program faded, it succeeded in producing over 5,500 low-cost houses for families who would otherwise not have been able to obtain decent affordable houses.



In 1970 the members of each co-operative became eligible to receive fee simple title to the property on an individual house/member basis, and thus in effect terminate his/her membership in the co-operative. This legislative change resolved what had become a contentious issue: the responsibility of the total group for any delinquency in payments on the part of any of its members. Early in 1974 this program of building co-operatives was replaced by the federal government's continuing co-operative program, the details and results of which are the subject of the next chapter.

#### Reflections on the program of Building Co-operatives

The co-operative construction of eleven houses in Reserve Mines in 1938 was not in itself an event of great importance, except to the eleven miners and their families who built and owned them. But it did mark a milestone in the history of the co-operative movement in Nova Scotia and in Canada, a movement that had gained momentum slowly then more rapidly since the 1861 opening of the first consumer co-operative store in Stellarton.

The building co-operatives of Nova Scotia in effect ceased to be co-operative once construction was completed. Thereafter it was only expected the members would contribute their respective amounts on a monthly basis to enable the co-operative to meet its mortgage and other periodic financial commitments. Those who had joined together and built together

saw no need or merit in continuing to own their houses co-operatively, except that their agreements with the Nova Scotia Housing Commission (the blanket mortgage) required that they do so until 1970, or earlier if the mortgage debt was repaid before that year.

The building co-operative concept was particularly effective in small communities where those needing housing were more likely to have manual skills than their urban counterparts, land prices were relatively low and facilitated the construction of simple but sound detached housing. And so with varying levels of "sweat equity" the program spread with the return of war veterans. However, the building co-operative program had never been popular in the cities across the country where the need for more housing was more evident with an escalating trend towards urbanization. As demand increased in those urban centres so did the price of land and its development. Higher density housing with its attendant complex building systems and equipment only exacerbated the problem for would-be housing co-operators.

From 1938, and following the Reserve Mines model, the members of building co-operatives derived social benefits. Admittedly the size and variety of these benefits declined as the program matured and the initial zeal moderated. However, it is evident that all the members and their families benefited.

Miners are known to be a particularly closely knit group

of men. Even more so than other urban working class men they were threatened with the loss of their means of subsistence. Co-operativism gave them a positive strategy to regain some independence at a time when fighting for an improved working environment and wages produced few positive results. The eleven who built houses together at Reserve Mines grew even closer, they learned new skills, acquired self-esteem and security from creating and owning a house for their families, and what is perhaps most important in the larger social and economic context, became role models and disciples for yet another and more advanced kind of co-operative -- the continuing housing co-operative. Certainly Father Jimmy must have been proud of their efforts and able to expand on the old advice he gave: "A fellow comes to him in confession and Dr. Tompkins says, 'Are you in the credit union?' and he thinks it's a lodging house and says, 'No, I board at Pat Gallant's.' And he says to another fellow, 'You in the co-op?' and he's not, 'And not in the credit union either? Well, you might as well be dead!'" (Ward: 98).

Subsequently however, and especially after the flush and enthusiasm generated by post-World War Two reconstruction, groups of would-be-homs-builders did not have the same urgent, strong incentive to co-operatively self-build. Other housing forms and programs of financial assistance were introduced and

proved more attractive to the family of modest means."

### Conclusions

The pioneers of the co-operative housing movement in Britain and Nova Scotia succeeded not because of a favourable environment within which they lived and worked, but in spite of the difficulties of an unfavourable environment, and their own limited resources. Politically and economically the miners of Nova Scotia were virtually powerless, their below "poverty line" incomes were at least precarious, and their working conditions hazardous. Few had completed an elementary education, many were illiterate, and they had little if any business experience. Many were in debt and drank too much. That they did succeed is a tribute to their guts and gumption, and the leaders and disciples of the co-operative movement.

Those who developed building co-operatives had one overriding goal in common: to acquire decent affordable housing suited to the needs of their families, an end almost all of them achieved (few co-operatives failed during the constructive period). This goal had both economic and social features in terms of both the process and the end product. In social development terms the new self-built housing represented a very substantial improvement over the accommodation it replaced. It was larger, detached, enjoyed

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"Housing forms such as the unfinished one-and-a-half storey house, shell housing, semi-detached housing, and prefabricated 'mobile' housing; financial programs with more attractive terms and the Assisted Home Ownership program also required less sacrifice of the would-be-home owner.

a larger lot size with room to grow food, and had modern plumbing, electrical and heating equipment. Other social benefits derived by most families included: the commitment of time, energy and financial resources to study and work rather than less productive pastimes; learning how to co-operate, achieve consensus and results by collective effort, compromise and respect for others; the acquisition of other skills related to the planning, organizing, budgeting, and the actual construction of houses; and, perhaps at least as important as the preceding, the spiritual benefit of having a new start, a newly positive attitude and self-respect born of proving they could do what many had said they could not. As one of the eleven, Duncan Currie, said, 'All we even saw or heard was coldness to our scheme...twenty-three hundred (people) laughed at us' (Ward: 97)."

These then were the goals and benefits of those who co-operatively built their own housing. Their strength of commitment to those goals is evident, especially in those who were less well-educated, had larger families and lower income. Without that high level of commitment most building co-operatives would have failed and if that had occurred the program itself would have quickly died, and with it the co-operative housing movement -- at least in the short term. It has been acknowledged the successes of the program led to the

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"As it was noted in the Roach report, co-operation and its benefits were less evident as the program aged and individualism replaced co-operativism.

development and introduction of the even more successful continuing co-operative housing program.

The State played a supportive role in the development of the early Building co-operatives in Nova Scotia by lending them money on favourable terms and by making expertise available at no charge to guide the co-operative members in the more technical aspects of housing design and construction, and in the ongoing maintenance of their completed housing. This provincial support was given by a government unable to totally finance decent housing for the ill-housed -- which would have required heavy ongoing subsidies in addition to large capital outlays. At the same time that government was becoming embarrassed by adverse publicity generated by reports on the substandard housing occupied by miners and its contribution to industrial unrest. To a degree then government support was based on enlightened self-interest as a response to social unrest and the advance of socialism. Subsequently, in the 1960s that support was reduced and the program itself began to lose its co-operative flavour until it was terminated in 1973.

It is easy to look back and fault governments and others for their apparent lack of vision in failing to foster and facilitate an adaption or enrichment of that program's design and so cause it to meet the environmental changes of the 1960s and early 1970s. But one should hesitate to judge those who achieved so much with the hindsight and by the standards and

expectations of today. Having said that, however, it is tempting to explore further why that program became co-operative in name only and why the enthusiasm generated by the building of houses together did not almost automatically and naturally lead those involved into long-term, formal co-operative relationships within housing and in other areas of their lives. The Roach study gives no reasons, but offers some clues such as the fact that less time was required by new co-operators in preparing for construction and understanding the co-operative ideology and practices; there was less on-site co-operation; many co-operatives had fewer than 10 members; and bureaucratization and urbanization depersonalized the program.

The program enjoyed widespread community support, especially in small rural communities and in larger centres where the province made serviced lots available at cost. It was a program that appealed to the rural self-help tradition and the co-operative spirit of neighbours helping neighbours as in the raising of barns. However, an increasing tide of migration to urban centres, the development of an efficient house building industry, and the availability of low down payment, long-term amortization mortgages reduced the need for and attraction of the Building co-operative program.

In this chapter several reasons have been advanced to explain why the Building co-operative program lost its momentum. It is also pertinent to note that from the

beginning, and in spite of references to the creation of communities and model villages, those who joined together to build houses continued to own them collectively only because they were obliged to do so under the terms of the mortgage financing provided by the province. With the passage of time after the residents acquired freehold titles (thereby achieving their ultimate ambition), there remained no need to co-operate, so they did not. As with the nineteenth century British co-operative built housing, the opportunity for collective self-help and social development was not exploited once the housing was built.

On the basis of this evidence and the experience of Continuing co-operative housing described in the next chapter, there are good grounds for suggesting that the social imperative is unlikely to endure in co-operative housing unless the residents are obliged to continue to work together in the management, administration and operation of this housing. Collective ownership calls for mutual support and development, while individual ownership fosters independence. The sale versus rent arguments of Catherine Webb as summarized in Chapter Five are supported.



## Chapter Nine

### Building Communities

#### - The 1970s and 1980s

Three propositions were advanced in the Introduction, and two generations of co-operative housing were described in Chapters Five and Eight to argue their validity. This chapter examines these propositions again in the light of results achieved in Nova Scotia through the period 1973-1991 in the operation of a third generation of housing co-operatives: the Canadian continuing co-operative housing program. Those who advocated co-operative housing since early in the nineteenth century believed in drawing together people with a community of interests in the formation of co-operative communities. By such means the residents might not only achieve a measure of security and economic benefits but also enjoy an ideal opportunity to satisfy their social development needs and aspirations. This chapter suggests why the program gave their ideas renewed credibility and momentum.

The program of Building co-operatives in Nova Scotia demonstrated that groups of people working together co-operatively could study, plan, organize and largely build themselves housing which was sound and as affordable as the usually substandard accommodation they had previously rented. "These building co-ops...were the forerunner of the (continuing) co-operative housing network" which blossomed in the 1970s (Mungall, 1986: 212) and which in effect proved to

be not only successor to the former, but an even more outstanding success in not just house building, but in community building. While the Building co-operatives of the 1938-1972 period served as midwife for the Continuing co-operatives built between 1973 and 1991 it is important to note they were both developed within the context of the larger Canadian co-operative movement and as heirs to the British tradition.

Continuing housing Co-operatives were financed primarily under a federal program administered by Canada Mortgage & Housing Corporation (CMHC).<sup>90</sup> The program was introduced largely on the initiative of the Co-operative Housing Foundation of Canada (CHF) and its design benefited not only from the experience of the Building Co-operatives but also that of student co-operatives developed as early as 1934 and experimental projects built in the 1960s and early 1970s.

While the federal government's objectives for the program differed from those of the CHF they did not clash. Essentially both strived to provide decent affordable housing to those who otherwise were unable to afford it. However, additional objectives of the CHF were to increase the opportunity for "political and economic democracy, education in Co-operative principles and of building a sense of community" (Behnk-Furino, 1988: 44).

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<sup>90</sup>A nominal number of non-government sponsored continuing housing co-operatives were privately developed through this period for those of middle and upper incomes.

From its inception in 1973 until December 31, 1991, when it was terminated, the federal program caused a total of 61,276 dwelling units<sup>91</sup> to benefit from financial support<sup>92</sup> with an average of about 34 units in each co-operative. Of these 2085 units<sup>93</sup> were located in Nova Scotia with an average of 18 units in each of 112 projects.

The genesis of the continuing housing co-operative concept, its ideology and the objectives of the parties who engineered and launched it are traced in Appendix Two. However, it is pertinent now to define what was perhaps a uniquely Canadian solution. Continuing housing co-operatives represented an alternative form of tenure to the more traditional rental and fee simple ownership. They were legally constituted associations formed to acquire by construction or purchase housing for their members who leased their individual dwellings from the co-operative corporation which continued to own the dwellings and which together and in total formed the co-operative. Members had the right to

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<sup>91</sup>Representing less than 1% of the total Canadian housing stock.

<sup>92</sup>This financial support comprised 100% mortgage financing at a lower than market interest rate for extended amortization periods of up to 50 years, rent supplement for low-income occupants, grants to local co-operative groups wishing to develop proposals for co-operative housing, and grants to community resource organizations who gave organizational and technical assistance to such groups.

<sup>93</sup>This compares with the 5511 housing units developed in Nova Scotia under the Building Co-operative program.

continue to occupy their units provided they obeyed the by-laws of the co-operative which they had a say in establishing and modifying.

Members enjoyed an economic advantage represented by the difference between what they would have had to pay as rent for similar landlord-owned accommodation in an equivalent location and the monthly charge they paid as co-operative residents. New members usually paid only a nominal amount to become shareowners; they could not sell or otherwise dispose of their shares or rights to occupancy except to the Co-operative corporation which was then responsible for selecting a replacement.

Typically, all the residents annually elected a board of directors from among their fellow members to oversee the management of the co-operative. The board might itself discharge all responsibilities, with, desirably all member assistance, including day-to-day administrative chores and property maintenance.<sup>24</sup> Alternatively, the board might hire a full or part-time manager and perhaps other staff, or enter into a contract with a property management firm to discharge some or all of the administrative and property maintenance functions. All members were expected to serve either on the board of directors or on one of the committees established by the board such as the membership selection, finance,

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<sup>24</sup>This arrangement was usually adopted only in small co-operatives of up to about 20 units.

maintenance, by-law committess.

Among the 2000 Canadian continuing housing co-operatives only about a dozen had over 200 dwelling units. They ranged from high density, high rise apartments close to city centres to low density, detached housing in small rural communities. Many co-operatives were newly-built while others were older residential and non-residential buildings that had been acquired, rehabilitated and converted by a newly formed group of co-operators; for new construction those who intended to live in the co-operative housing invariably together selected a site and instructed an architect/builder on their needs and wants relative to the design and construction of the housing.

Two evaluations of this program have been completed and published and the balance of this chapter draws on the findings reported.<sup>9</sup> The first, Selby and Wilson's 1988 Research Paper for the CHF, was entitled Canada's Housing Co-operatives: An Alternative Approach to Resolving Community Problems, while the second evaluation, entitled Evaluation of the Federal Co-operative Housing programs, was published in 1992. As is apparent from the title the Selby-Wilson report directly addresses community and the role co-operatives play

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<sup>9</sup>Both evaluations were Canada-wide in scope. However, it is important to note that those responsible for them both have assured me there appears to be no substantial difference between the typical Nova Scotia co-operative experience and those reported for Canada as a whole (personal communications in April, 1992). In addition my own conversations with residents of co-operative housing over the last 15 years support their assurances.

in preventing and resolving problems in them. However, this report concentrates almost exclusively on the internal community of co-operatives. The 1992 report, being a federal government evaluation, concentrates on measuring the extent federal objectives were met. Notwithstanding these limitations, both reports have a lot to say which bears on the propositions advanced in this thesis.

### The Community Building Ethos and the Social Imperative

In the third chapter of this thesis the close links between the Owenites, the Communalists, the Socialists, and the Co-operators of nineteenth century Europe were noted. All of them had at least one objective in common: the establishment of "self-supporting home colonies of united interests"; and in the case of some including the Rochdale Pioneers, of acquiring a number of houses, in which "those members desiring to assist each other in improving their domestic and social condition may reside" (The Society's Almanack, 1854).

This historical commitment to community and mutual, rather than isolated, self-help was evident in Chapter Eight when the Province of Nova Scotia boldly described the 11-house Arnold Co-operative as a "friendship village", and a "community rather than isolated houses", and the venture "not just the building of houses as such but the construction of family communities". The importance of Community was evident again as a CHF objective for the continuing co-operative

housing program.

This deep and constant pre-occupation with the need for community has been evident since the close extended family networks of mutual support, which were so critical to the survival of small rural communities, failed to survive among those who were obliged to migrate to the towns and cities formed as a result of the Industrial Revolution.

On the subject of the community objective and mutual self-help the Selby-Wilson report had much to say that was positive and the following excerpts are particularly significant:

Where users participate in the planning, design and development phases of the project, a vital community is created before the first unit is even under construction.

Through the process of solving common problems, setting collective goals and accomplishing tasks, members gain a greater awareness and tolerance for the views, needs and lifestyles of others.

Communities shape lives, and membership in healthy communities has been credited with countering isolation, apathy and personal and social instability and with fostering the development of support networks and a sense of individual commitment and responsibility.

Those coming from a big city background have once again discovered the pioneer spirit of inter-dependence and to their surprise have come to value it highly (Selby, 1988: 22-24).

From these findings it would appear CHF's community objective was being accomplished. A parallel can be seen between the benefits derived by the housing co-operators of the late twentieth century and many of those who lived and

worked together in the early nineteenth century settlements, colonies and communities established by Owenites: security, a measure of economic independence, character and skill development, a practical knowledge of and respect for mutual self-help and the status and self-esteem associated with being a part of a progressive community.

On the subject of personal development the report notes the

...opportunities to improve skills in organizing, communication and handling business affairs, and to discover personal and group strengths...challenged to think and feel more intensively about what they share with others and what is important and significant to them as individuals...acquire an enhanced sense of self-sufficiency, self-worth, responsibility, competence and achievement (24).

The report recognizes the "deliberate attempt by many co-operatives to seek out and accommodate people with special needs" (20), and furthermore that

the security and comfort enjoyed by lower income co-operators in the knowledge they can continue to live in decent accommodation with affordable monthly charges that will not escalate with market rentals nor include the element of landlord profit (20).

On the basis then of the Selby-Wilson report it is clear the community and social objectives of the Co-operative housing movement were being met.

Chapter VII of the federal evaluation report concentrates on "the additional benefits...beyond those identified as part



of the explicit program objectives" (129).<sup>6</sup> Only those findings relating to the social imperative are referred to in the following paragraphs.

The federal evaluation reports "co-operative housing residents...to be extremely satisfied with their housing and living environments" (163). In fact 93.7%<sup>7</sup> of those questioned responded positively and this could be expected given that they now have more security both in terms of tenure as compared with the usually rented and more costly quarters previously occupied, and they will have experienced a sense of belonging to a community which is not common among those who live as tenants.<sup>8</sup>

The very nature of a co-operative almost makes it compulsory for members to devote some of their time and skills in contributing towards the management and operation of their co-operative. This has the twofold objective of minimizing

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<sup>6</sup>All references are to page numbers of the federal report.

<sup>7</sup>This compares with 87.4% of public housing tenants and 76.8% of all renters. This if nothing else tends to confirm the oft-expressed opinion that Canadians are among the best-housed people in the world, -- or that Canadians are easily satisfied.

<sup>8</sup>In addition they now occupy accommodation which is either new or newly rehabilitated to contemporary standards (their previous accommodation may well have been old and substandard), and it is more likely to be appropriately sized for their family (many moved from smaller units). When reviewing answers to such questions a subjective factor should not be ignored: having voluntarily made the decision to move, there is a human tendency to maintain that the decision was a good one. By saying that the new is better than the old the prudence of that decision is supported.

housing costs and gaining or enhancing their skills and experience. The CMHC evaluation measured resident participation by two means: the percentage of members who were co-operative committee members, and by the number of hours/month resident households contributed to co-operative activity. A high of percentage of members (82%) were or had at one time served on committees, contributing about 8 hours/month (135-137)."

"Participation in decisions affecting the co-operative through democratic control is seen by members as one of the primary benefits of co-operative housing" (137). The participation enquiry also revealed that participation declined over time (early enthusiasm faded as the pioneer spirit was lost). However, such declines could largely be offset by the careful selection of original and subsequent members and by their early involvement in committee work, and by recognizing the efforts of volunteer members (140). Over 60% of residents said they had acquired one or more attitudinal, organizational or specific skills<sup>100</sup> as a result

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<sup>99</sup>This volunteer labour arbitrarily valued at \$10 an hour, amounts to \$960 a year, a not inconsiderable amount. It can be expected that the degree and character of resident participation will vary by several factors: the extent to which the residents are naturally gregarious, altruistic and co-operatively minded; the extent to which the co-operative atmosphere convinces them that participation is expected if not required; the time and skills they possess; the variety of opportunities open for those who wish to participate; and the results of previous participatory experiences.

<sup>100</sup>Such as bookkeeping, financial management, budgeting, secretarial, or trade.

of their participation (143).

In addition to the reporting of skills directly derived from involvement in helping in the management and operation of the co-operative, respondents were asked "whether co-operative living had helped them pursue other beneficial activities". Between 11 and 20% had enrolled in training, 4 - 14% had finished their education, 5 - 21% had started working outside the home, and 1 - 6% had started their own businesses (145). Other benefits individuals reported, apart from those described above, included:

an improved sense of well-being and a better quality of life indicated by increased respect for others, tolerance of different values and lifestyles, pride in one's home, a sense of belonging, a strong sense of community, commitment to helping each other and a general sense of empowerment (144).

One of the objectives of the federal program was "to encourage the integration of families and individuals of varying incomes",<sup>101</sup> Almost without exception residents saw both social integration and income mixing as positive in that they enriched their experiences, created more "diverse communities of people with different perspectives and ideas"

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<sup>101</sup>The program provided for lower-income residents to pay less than those in receipt of higher incomes. The former paid a housing charge based on their income and these subsidized members accounted for up to about 70% of residents in any one co-operative. In addition to accommodating those of varying incomes, social mixtures in co-operative housing projects usually included at least two, and often more of the following: one parent families, two parent families, single people, couples with no children, disabled persons, seniors, immigrant families, and multi-generational families.

and an understanding and respect for each other (146). "Mixes of family types, age, race and people with various backgrounds was perceived as healthy and a strength of co-op living" (147). The generally positive results achieved through social integration and income-mixing were said to result from a careful screening of applicants and orientation sessions and materials for new members. Frequent social gatherings were seen as desirable in common areas designed for social activities. A positive correlation was found to be evident between projects with a high level of income-mix and households reporting they were "very satisfied" overall with their home (151).

In the federal evaluation residents consistently expressed their commitment to co-operative housing principles and felt that everyone who wanted to should be able to live in co-operatives. The case studies which supported the evaluation suggested that it was the cumulative effect of many perceived benefits from living in a co-operative that led to high satisfaction levels. The case studies found that participation in decisions affecting the co-operative through democratic control was seen by members as one of the primary benefits of co-operative housing.

Tensions between the economic and social objective of the co-operatives were only implicitly recognized in these evaluations. In the CMHC evaluation, however, other chapters of the report, especially those concerned with the backlog of

deferred maintenance and the inadequacy of replacement reserve funds (233), suggest the economic imperative had been neglected.

#### Relations with the State

As Appendix Two makes clear, the federal government reluctantly entered into the Continuing Co-operative housing program in 1973. It was thought the results would be more cost-beneficial, both financially and socially, than the construction of more public housing. While relations between the CHF and the federal government's program delivery agent, CMHC, were generally positive and productive there were many opportunities for misunderstandings to develop between local lay groups of newly united co-operators and the CMHC bureaucrats, especially when federal funds for additional co-operative housing were reduced with the passage of time.

Many municipalities did not welcome co-operative housing proposals. The label "social housing", which was applied to all housing in receipt of some form of subsidy, implied to most municipal counsellors and the general public that housing co-operatives would necessarily demonstrate the same kinds of social problems as those which had become all too familiar in public housing. In addition social housing did not generally generate municipal tax revenue commensurate with the costs to municipalities of providing services to them. However, when they were properly made aware of the distinctions between public and co-operative housing, most municipalities accepted

them as the preferred alternative for their lower income population.

The success of the program and each co-operative depended heavily on government financial support both initially and in the ongoing operation. As early as 1983 CMHC concluded that

while the program was successful in achieving many of its purposes, it did not meet the housing requirements of those most in need of support...and demonstrated a high per unit cost of subsidies for low income residents.<sup>107</sup>

In effect, and in simplistic terms, the program was too successful but too costly, and did not accommodate those of the lowest income (which it was not in fact designed to do). In addition the program was unpopular with the private house building industry and some municipalities.

The program was suspended at the end of 1991 after 18 years. It could have enjoyed a life cycle greater than the 35 years the Building co-operative program operated. Indeed it was apparent to many, including this writer, that the program's potential was virtually unlimited (unlike its predecessor, it was truly national in scope and supported by a strong CHF). However, it must also be admitted the federal government, after its early encouragement and generous financial support lost interest in the program for two reasons. Firstly because they considered it to be too generous and not cost-beneficial; and secondly because they were required to make financial cutbacks to many programs.

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<sup>107</sup>CMHC Annual Report, 1983, page 14.

The Co-operative Housing Federation of Canada and the "164,000 people on waiting lists for co-op housing" were shocked by what they termed this "totally unexpected" decision especially as they had recently "received assurances that co-op housing's future was secure" from Canada's federal cabinet minister responsible for housing, Elmer MacKay.<sup>103</sup>

#### Relations with the Private Sector

A co-operative's relations with the private sector have two dimensions. First, relations with the neighbouring community of largely private citizens occupying housing they own or rent. Second, relations with those who regard co-operatives housing as a threat to their livelihood as real estate developers and builders.

In terms of the first, the Selby report, referring to the social benefits resulting to the community-at-large (i.e., outside a co-operative housing community itself), found:

individuals already organized in a housing co-operative have a ready-made base from which to commence community activity and the non-profit bias of co-operatives is directly compatible with social motives and public service (25).

Four years later the federal evaluation found that almost half of all co-operatives surveyed were active or very active

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<sup>103</sup>In a December 17, 1991, Press release, MacKay praised co-op housing programs, pledged \$6.1 million for 1992 and said "co-op housing provides shelter while offering a supportive environment and the opportunity to develop skills learned through co-operative management...this program has been effective in providing housing for low to moderate income families, seniors, women, natives and persons with disabilities".

in developing services in the larger community (CMHC, 1992: 152), and that nearly two thirds of those surveyed were fully or somewhat closely involved with the nearby community (153).

Mutual respect, understanding and support have frequently been difficult for a co-operative to achieve in the larger community as that larger community often had the impression the residents of the co-operative would not behave in a manner compatible to their own behaviour. Most co-operatives who have good community relations have had to carefully and thoroughly present themselves to the larger community.

Not surprisingly, many co-operatives are reported to be perhaps too introverted and self-sufficient. However, whether or not co-operatives use services from the external community is not in itself either a positive or negative indicator. Self-sufficiency can result from a strong co-operative spirit and the existence of the required services within the co-operative. To the extent self-sufficiency may mean an inward-looking and isolated community this may suggest potential for external community involvement. In some cases, the federal evaluation suggests, the commitment to internal goals tended to create an insularity which, while contributing to strengthen the co-operative, tended to set the co-operative apart from the local community. Not unnaturally, the priority in co-operatives is on strengthening community life within the co-operative.

Neither of the two reports mentions the relations between



co-operatives and the development and building industries. However, my personal experiences and those reported by others confirm that co-operative housing was seen as something of a threat to the financial interests of land developers and builders. Many of them claimed co-operative projects would decrease the value of their undeveloped and developed property, and that they could build inexpensive housing for less than the cost of co-operative housing and without the need for substantial ongoing subsidies.

Illustration No. 6



Continuing Co-operative Housing  
Halifax, Nova Scotia

### Conclusions

In this chapter we have traced the growth and relapse of what could and may still become the model for co-operative community development; an arrangement which compounds the scope for people development by having them not only work together but also to live together. The program has produced results which appear to be superior to those produced by earlier generations of co-operative housing and by the normal open-market rental, public housing and even home ownership<sup>104</sup> in terms of resident satisfaction, participation and benefits both economic and social.

It is suggested that each of the three propositions of this thesis are validated in this chapter under the Continuing co-operative housing program and by the two evaluations cited. The social benefits described are varied and enjoyed by a large majority of residents as a result of their active participation in the management and operation of their residential environments. That participation represents a commitment (albeit perhaps unexpressed) to the social imperative and to the development of a strong and enduring integrated community.

Insofar as the fundamental goal of these continuing co-operatives is concerned it is the same as it was for the Rochdale housing co-operative and for the Building co-

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<sup>104</sup>No comparison is available between co-operatives and condominiums.

operators of Nova Scotia: the acquisition of decent affordable housing appropriate to their needs. The dual objectives of economic and social betterment are again evident, as also is the tension between the two, and a variety of other benefits. The Continuing housing program, however, if only because of its continuing nature has not only offered but also produced a wider variety of benefits. It has also demonstrated even more profoundly to the larger co-operative movement a vitality and a spirit of co-operation which can only hearten others and renew their co-operative commitment.

In a sense both the Building co-operative and the Continuing co-operative programs ceased to function because they lacked government support, had entered the "systems phase" in their life-cycles, and no actions were taken to enable them to survive in the different conditions that prevailed. In essence, however, this chapter has demonstrated that while government support and subsidy is most desirable, if not necessary, in the short term, in the longer term dependency on the State can spell the end of an otherwise most successful and economic social housing program.

In terms of the larger community, it is clear no co-operative can succeed by ignoring its neighbours. The temptation to exclusively concentrate on the internal operation and on members' needs must be resisted. Successful co-operatives have recognized the need for a balanced

concentration on both internal and external affairs. A continuing and positive relationship with the external community generates mutual benefits and an avoidance of the "we-they" syndrome which can be destructive.

### Conclusion

This conclusion comprises two sections; the first is specific to the three propositions presented in the Introduction, and the second more general in scope.

#### Specific conclusions

In the concluding paragraphs of Chapters Five, Eight and Nine the social imperative was assessed as an element in the performance of the housing co-operatives within the context of the larger co-operative movement. Also described were relations between the co-operatives and the State, and the private sector.

From these assessments it is now possible to address the propositions discussed at the outset in terms of Co-operative built housing, Building Co-operatives and Building Communities.

#### The first proposition: the Social Imperative

This thesis set out to examine the significance of the social imperative in three co-operative housing eras. The eras were substantially different not only in time and the environment of those times, but also in distances. The first 'era' selected was in nineteenth century Britain and the birthplace of modern Co-operativism, while the second and third 'eras' were in twentieth century Nova Scotia.

Co-operative housing was selected to assess the social imperative because it was thought it would be more likely to be evident than in co-operatives where members did not live

together. While no comparative analysis was attempted, it was clear that in the housing co-operatives described living together did facilitate and foster social interrelationships and development.

But the premiss advanced could only be supported in a qualified fashion. A strong commitment to the social imperative has not always been evident in the co-operative housing movement. However, it was evident in the early years of the Building Co-operatives, and has been evident in the majority of the Continuing Co-operatives developed since 1973. Through those years not only was there a strong commitment to social development but a very substantial resulting range of social benefits. I argue that the social imperative has now become more obviously fundamental to the survival and success of the movement. Commitment, participation, satisfaction and social benefit are interrelated and interdependent.

While many of the social benefits achieved were the result of commitment to social goals, other benefits were incidental (rather than deliberate) to the main purpose of the housing co-operative. For example, they wanted to own decent housing and they wanted to ensure it was affordable and remained so. To do that they had to learn how to obtain it and thereby acquired knowledge and skills which were transferable and applicable outside the world of co-operative housing. In some, and perhaps the majority of cases it is clear the co-operative housing experience proved to be one

which triggered a new hope and a more rewarding and satisfying life; an experience which brought with it the confidence that little people could better their "domestic condition" by practising the collective self-help ideology of the Co-operative Movement.

In summary then, each generation of co-operative house building had a similar basic objective: decent, affordable, appropriate housing for those otherwise unable to afford it. Other social goals and benefits have been noted and have varied in their nature and scope but have had some things in common such as improved living conditions, self-image, outlook, interpersonal skills, some other skills, and a respect for the needs and opinions of others.

It may therefore be concluded that the first proposition is valid, in Nova Scotia at least, but only in terms of the last 55 years, and even then it must be admitted the commitment has not always been strong throughout those years.

#### The Second Proposition: Relations with the State

Through most of the nineteenth century the State did not encourage the development of co-operatives or the building of housing by co-operatives. Indeed the absence of enabling legislation and restrictions imposed by the existing legislation and agencies all but prevented their creation. Even when sanctioned by legislation, the State favoured the building society alternative to the extent that house building by co-operatives never grew to the point where it produced a



substantial proportion of the houses built. The next two generations of housing co-operatives benefited, initially at least, from strong support by the State represented by the provincial and federal governments. For Building co-operatives part of that support comprised a small financial subsidy, while for Continuous co-operatives the support amounted to a substantial financial subsidy. In both cases the support was given as a response to social and political demands, and may be seen as a liberal, neutral and less paternalistic solution in a market or capitalist economy that had perceived itself to be threatened by creeping socialism.

After the first two successful decades the province gradually withdrew its support to the Building co-operative program until it constituted little more than the supply of 25% of the required mortgage funds. Neither they nor the federal government, which supplied the other 75%, took any action to revitalize the program. The State had taken over delivery of the program from SFX University, and concluded that the program should be terminated and replaced by the Continuing co-operative program in 1973.

The Co-operative movement can claim the major credit for initiating the Continuing housing co-operative program, overcoming federal government resistance, gaining very substantial federal subsidy and developing an ongoing national network of expertise to assist in the local development of new housing co-operatives. At the same time, and through the

1970s, the federal government played an active and most supportive role.<sup>109</sup> However, that level of support was slowly reduced through the 1980s as a result of a change in government and as a reflection of federal financial constraints. This resulted in the production of a dwindling annual number of additional co-operative houses. The role of the State through the birth, growth and suspension of this housing program is characterized by its provision of short-term benefits, causing the co-operative housing movement to be completely dependent on the State in the mid-term, and then abandoning the highly vulnerable movement in the long term.<sup>110</sup>

Many municipalities when faced with the prospect of Continuing co-operative housing were ambivalent. On the one hand they did not want to be seen as being against housing for the less fortunate and had wanted to accommodate their less fortunate citizens. But on the other hand they feared such housing would form a lower-income ghetto, be a centre of social problems and would generate more costs to the municipality than the tax revenue they earned. Earlier forms of co-operative housing did not generate any substantial municipal resistance; they were generally built in rural and suburban areas and were small in scale.

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<sup>109</sup>As it did in the introduction of many socially progressive programs in that decade.

<sup>110</sup>This abandonment did not relate to the continuation of the annual federal government subsidy to established co-operatives.

The Third Proposition: Relations with the Private Sector

While the private sector had only minor reservations about Co-operative-built housing and Building Co-operatives, that sector generally resisted the construction of Continuing co-operative housing. The Canadian private residential land and building industries have been particularly vocal. These industries have seen co-operative housing as a threat to their operations and their profits. They have attempted to refute several studies that have shown co-operative housing to be less costly to build and to operate as compared with privately initiated and managed housing, and requiring of less of a subsidy as compared with other forms of social housing. These private interests have exerted pressure on the government of the day to discontinue federal support and were in part responsible for the abrupt termination of the Continuing housing co-operative program at the end of 1991.

Other negative reaction to the prospect of co-operative housing has been expressed by individuals resident in the areas proposed for the housing and by organizations such as ratepayers' associations. These individuals and their representatives have believed the value of their properties would be reduced by co-operative housing construction and that substandard social behaviour would occur and detract from the liveability of the neighbourhood. Other reasons for neighbourhood objection have been a perceived inability of the local school or road system to cope with any increases.

While the Co-operative movement and many housing co-operatives have attempted to allay the fears of the private sector such efforts have rarely proven completely successful. But this is not to suggest co-operators should cease trying to strengthen these relationships.

#### General Observations<sup>107</sup>

It remains to make a few other more general conclusions on related considerations. These include some thoughts on the British tradition, government subsidy, tensions within the dual ideology of the Movement, motivation, the size of co-operatives, a political role, and the future of the Movement - vis a vis the social imperative.

It was suggested in the Introduction that the British Co-operative tradition was most evident through the Canadian experience. The strength, transferability and durability of that tradition is apparent. Whether or not this has frustrated desirable adaptability in Canada and Nova Scotia is not for this thesis to consider. However, that tradition has clearly not prevented Canadian co-operators developing unique and highly successful housing programs.

The Co-operative movement lost control of both the Building and Continuing co-operative housing programs when the State agreed to provide substantial support. In the case of the former program the financial support was modest but the

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<sup>107</sup>Most of this section is based on personal observation, participation and reflection.

considerable responsibility for program delivery was acquired by the province.<sup>128</sup> From its inception the Continuing co-operative program required a heavy financial contribution from the federal government which exercised comprehension control. This heavy reliance on state support left the movement with little leverage to modify the programs in order that they may adapt to change. This lack of control also caused the Building co-operative program to lose its social imperative as the province concentrated on the process and the production of housing.

It has been argued that considerable government subsidy is necessary for the development of co-operative housing for those of less than average income. Certainly the recently terminated Continuing co-operative program demonstrated that. However, other means are being investigated by the CHF and others which may enable co-operative housing to build for those of moderate, if not low income, without State subsidy.

In the Introduction and in Chapter One the tension between economic and social ideals was identified as endemic in co-operatives, and it has been noted that the economic imperative is given priority by most co-operatives. To better understand why this should be so it is useful to refer to A.H.

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<sup>128</sup>SFX University Extension department had orchestrated program delivery, but only in Eastern Nova Scotia.

Maslow's (1954) hierarchy of human needs<sup>109</sup> with economic needs relating to the physiological and to the security of income, and social needs following in a lower order of priority. Maslow also suggested that people are more strongly motivated by what they are seeking than by what they have. Applying this to the dual ideals of co-operatives, we can appreciate why priority is given to economic goals and that once they are secured, social goals may become paramount. There is a saying in the Co-operative Movement -- "people join for economic reasons and stay for social reasons".

But it is dangerous to generalize and certainly all co-operators do not join and remain co-operative members for the same hierarchy of needs. MacPherson (1984: 71) said Keen had maintained in 1920 that there were three types of co-operators and co-operatives: firstly, those whose sole motive is economic, individualistic and selfish; secondly, those who have a strong economic motive and a casual and perhaps only short-lived social interest; and thirdly, those who not only fervently seek both economic and social goals and a Co-operative Commonwealth, but a "new moral world for which the father of the movement, Robert Owen, worked...for half a century". While it is probably correct to say that the first

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<sup>109</sup>He ranked them in the following order: physiological (food, shelter and clothing), security (income and working conditions), social acceptance (peer acceptance as team member), recognition (usefulness, status and performance), and self-actualization (personal development, application of skills and challenge).

two of Keen's three types survive in the co-operatives of today, it is doubtful if any of the third type survive. However, there are co-operators who believe in economic goals as a means to social ends and who are deeply committed to the dual ideology of the Movement and their co-operatives; for example, those who practise the New Age co-operativism referred to in Chapter One.

Just as in most families, so in most co-operatives, there is clear evidence of a more collective approach in relation to the environment external to the co-operative, and a less collective and more individualistic attitude towards affairs internal to the co-operative. In another dimension again each individual member of a co-operative has a somewhat different socioeconomic and cultural background and thus not only a higher or lower level of Maslow-type needs, but also different needs and priorities in the same level.

Historically, co-operatives have been as quick as other businesses to equate growth in size with success. This tendency has been particularly noticeable in the consumer branch of the movement where growth has been accompanied by a "decline of the intensity of inner life" and "only about one per cent of all members (of British co-operative stores) take any sort of active part in co-op affairs" (Beveridge, 1948: 294). This inverse relationship between size and level of member commitment is not confined to co-operatives but is critical in them because a decreasing level of commitment not

only jeopardizes economic viability but may destroy any real attempt to bring about social development. Success in the economic and growth sense often breeds caution, rather than what it should lead to which is a desire to reach out, experiment, and develop the social imperative with the commitment and the resources required."<sup>10</sup>

Returning to the issue of size, it will be recalled that for the Building Co-operatives of Nova Scotia a range of 10 to 15 families was considered optimum. More recently the experience of Continuing Co-operatives is of a Canadian average of 34 housing units in each co-operative while in Nova Scotia the average was about 18 units. The policy of the Hutterite communities in Canada's Prairie provinces is to restrict the size of any one colony to about 100 families. In the outstandingly successful Mondragon co-operative complex in the Basque region of Spain, individual co-operatives (and most of them are worker-co-operatives) are generally limited to no more than 500 persons. Both the Hutterites and the Mondragon

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<sup>10</sup>An advertisement in the January, 1991, The Atlantic Co-operator illustrates this point. The advertisement was placed by the Infant Feeding Action Coalition (INFACT) and paid for by Co-op Atlantic. The advertisement condemned the Nestle's multinational corporation's promotion of breast milk substitutes and advocated a boycott of its products. At the March 19 annual meeting of the periodical's publisher, Atlantic Co-operative Publishers (ACP) some delegates said the advertisement was "detrimental to the movement as a whole, causing divisiveness and polarization", while others defended the insertion of the advertisement describing Nestle's activities as 'criminal' and claiming that "co-operatives, as socially conscious organizations, should be fighting against them" The Atlantic Co-operator, March, 1992, pp. 1-2. ACP is to develop a policy on advertising.



co-operators form new colonies or enterprises to accommodate growth above the ceilings mentioned. In contrast, the consumer co-operatives in Britain that operate under the CWS umbrella have no limitation on their size and many of them have over 10,000 members only a few of whom appear to be interested in anything beyond the "divi". While no research appears to have been conducted on the optimum size for continuing housing co-operatives, no rigid range is suggested. Each co-operative includes a group of individuals who bring to the co-operative their peculiar set of strengths and weaknesses, skills, expectations and level of commitment; however, a range between 15 and 100 units is probably appropriate, i.e., large enough to constitute a viable entity but not too big such that it is impersonal within and stigmatized as a ghetto (except in smaller towns where a lower ceiling would be more appropriate).<sup>11</sup>

The question of size has another dimension. It would appear that when the co-operative sector exceeds a proportion of an area's market it is subject to charges that it represents unfair competition, i.e., a threat to the

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<sup>11</sup>Even in the business world it is not being recognized that growth and size are not panaceas, and that small can be beautiful...and profitable. Alvin Toffler claims, for example, that "an economy of small, interacting firms forming themselves into temporary mosaics is more adaptive and ultimately more productive than one built around a few rigid monoliths" (as quoted by John Raymond in the Globe & Mail, August 13, 1992). This concept should not be strange to co-operators who pledge themselves to co-operate with other co-operatives.

established profit-driven enterprises. This proportion appears to vary from a low of 5% to a high of 30%.<sup>112</sup>

As mentioned in Chapter One, one of the most controversial and critical issues for the Co-operative Movement has been that of political intervention and representation. The Rochdale Pioneers and most co-operators through the intervening years have believed in political neutrality. But there have been notable exceptions. For example, in Saskatchewan, a unified, politicized co-operative movement contributed to the founding of the Co-operative Commonwealth Federation and its successor, the New Democratic Party; and in Britain's recent General Election 14 Co-operative Party members<sup>113</sup> were elected to the House of Commons in constituencies where the allied Labour Party had agreed not to run candidates.

The Movement has not brought substantial, quick change in the well-established, powerful political economic structure of the western world. But by incremental improvement the Movement has acted as one of several forces whose aim has been social and economic justice and democracy. It has constrained

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<sup>112</sup>See Britain's Sunday Telegraph of March 29, 1992, p. 45, and The Atlantic Co-operator of September, 1992, p. 13.

<sup>113</sup>All the 14 were male, and this is a reflection of the general lack of women in positions of authority in the Co-operative Movement. An exception to this generalization is the boards of directors of Canadian continuing housing co-operatives.

some of the lust for power and financial gain demonstrated by big business and at the same time caused some governments to resist some big business pressures.

But in the absence of a modern equivalent of Robert Owen's new moral world, a lack of strong, enlightened leadership and an unwillingness to seek and gain political power it would seem the Co-operative Movement will continue to rely upon collective self-help and mutual self-improvement to humanize the existing social and economic order. Alternatively, the Movement and its achievements could wither and die, or be integrated into private enterprises (co-opitalism).

Western world co-operatives are now said to be mature but housing co-operatives have barely become of age in Canada. Perhaps they should reach out more to give the mature, -- some would say fossilized -- older co-operatives new life and inspiration to work together to give the whole Movement the potential and the energy to create a better world for humankind.

It is apparent that the Principles of the Rochdale Pioneers have endured and spread. Hundreds of millions of people belong to co-operatives in almost every country of the world, with over 250,000 in Nova Scotia. All subscribe to at least six of the original Principles, and have the dual objectives of economic emancipation and social development. Neither of these objectives can be neglected if the potential

of co-operativism is to be realized.

It has been recognized the Co-operative Movement has represented the "middle way" or the "third sector" as between the State and the almost unbridled world of private capitalism. Certainly in what today is referred to as the "Western World", the Movement cannot claim to be more than a Left-of-centre social movement, one which squarely belongs in the School of Modified Capitalism. The Movement and its co-operatives are superficially democratic, working-class based, non-violent, pragmatic, cautious, tolerated by the State, and tend to be less than vibrant, progressive entities. However, and as was suggested in the Introduction, ventures by Co-operatives into the world of housing have offered co-operators a unique and more promising opportunity to advance the oft-neglected social elements of the Movement's ideology and to demonstrate that commitment to the social imperative can have tangible and substantial results.

It has been said that any economic order produces a corresponding type of personality. In the modern western world capitalism and statism prevail and require that "man" be what "he" is in "his" natural state -- acquisitive, aggressive, competitive and self-centred (Chaisson, 1962: 138). Co-operativism refuses to accept this natural conception as natural and calls for a rekindling of the social conscience.

In concluding it is suggested that if co-operatives are

just regarded as "a place to buy cheap groceries", i.e., having only an economic role, the Movement has no role and no future in the western world of discount houses and supermarkets belonging to national/international corporations. Co-operatives, to be successful,

...must have a higher purpose than making money. This purpose must relate to members' needs and to ways in which they are leading unsatisfactory lives. The centre of any co-op's concern is human beings, not dollars, and the business is really a means to human ends (Dreyfuss, 1973: 19).

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### Appendix One

#### The International Co-operative Alliance

The International Co-operative Alliance (ICA) was formed in 1895 and now has member co-operatives in 79 countries with a total of 670,230,051 members.<sup>14</sup>

In September, 1966, the 23rd ICA Congress adopted the recommended six Principles of the Committee on Co-operative Principles. The following were said to be "essential to genuine and effective co-operative practice both at the present time and in the future as far as that can be foreseen":

1. Membership of a co-operative society should be voluntary and available without artificial restriction or any social political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.
2. Co-operative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.
3. Share capital should only receive a strictly limited rate of interest, if any.
4. Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- a) By provision for development of the business of the

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<sup>14</sup>ICA 1990-1991, Annual Report, Review of International Co-operation.

**Co-operative.**

- b) By provision of common services; or,
  - c) By distribution among the members in proportion to their transactions with the Society.
5. All co-operative societies should make provision for the education of their members, officers, and employees and of the general public in the principles and techniques of Co-operation, both economic and democratic.
  6. All co-operative organizations, in order to best serve the interests of their members and their communities should actively co-operate in every practical way with other co-operatives at local, national and international levels.

A comparison between the above, and the nine original Rochdale Principles described earlier in Chapter Four, reveals that six of them have survived.<sup>115</sup> The three that have been dropped include:

- the limitation on how many shares may be purchased
- the stricture against credit
- the charging of market prices

These omissions can be overlooked when it is recognized the ICA Principles apply to co-operatives of all kinds (not only consumer as was the case with Rochdale) and in all the then 58 member countries. By retaining the Principles of one member, one vote, and a low ceiling on interest on capital, the limitation on shares could be dropped without the fear that one member, or a small group of members could gain power

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<sup>115</sup>Over the past 150 years there has been considerable debate -- largely academic -- on just how many Principles there were. By omission, combination and subdivision, between 6 and 14 Principles have been counted. For example, the International Co-operative Alliance (6); Campbell (7); Casselman (7); Cole (8); the Canadian Co-operative Foundation (11); and Holyoake (14).

over a co-operative. The stricture against credit was removed as it was considered unrealistic to expect those of modest means would be able to lay out large amounts for substantial clothing, furniture and electrical equipment. No credit is generally allowed for food.

Co-operatives are no longer required to charge market prices. Some charge less, but many of them make a direct charge, i.e., charge a periodic fee.

The first two ICA Principles, open and voluntary membership, and democratic control are designed to ensure all may become members and all shall be equal -- in short that equality shall prevail. The second two, limited interest on shares and the return of surplus to members, reflect the equity value (all members shall receive an equitable return on their investment such that no member may gain at the expense of another member). The last two, co-operative education and co-operation among co-operatives represent the value of mutual self-help.

Notwithstanding the international recognition of the six principles as Principles as recently as 1966 there has been, both before 1966 and after, considerable controversy as to whether the 'Principles' are in fact correctly defined as such. For example, Casselman writing in 1952 (Casselman: 1-6), uses the term "practices" in referring to them and relates them to his interpretation of co-operative ideals which he divides into three categories: human, business, and human and

business. Within the first category of human (social) ideals he includes: universality (open membership), democracy (one vote per member, members oversee books), liberty (voluntary membership and patronage), fraternity and unity ("Brotherhood Economics"<sup>115</sup>), and self-help (rejection of government aid and special privileges). His second category, business (economic) ideals, was represented by sound bookkeeping, audit and cash trading; and his third, concerning both human relations and business enterprise, i.e., the social and the economic, characterized by limited interest on shares, quality, fair wages and no credit.

Here again we see the social features of co-operativism as more numerous, but let it be recognized that to a large measure each principle has both social and economic implications and objectives, and modern co-operativism may not have grown and spread without all the principles described in the foregoing.

More recently Watkins, writing in 1986, traces the reviews of 1937 and 1966 and correctly describes the 'principles' "as methods, ...means and not ends in themselves". He goes on to add that "they derive their validity and authority from the ends which they serve, that is to say, the ultimate values and verities on which the concept

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<sup>115</sup>The Japanese Christian, Kagawa, used this term to describe Co-operation as the application of the philosophy of brotherhood to the economy, which involves the elimination of competition, social and nationalistic prejudices, political and religious neutrality and world-wide co-operation.

of Co-operation reposes" (Watkins, 1986: 10).

To Watkins "it seems reasonable to seek the elements of the Co-operative idea in certain fundamental and universal facts or situations of human nature and experience" (ibid: 10), which he calls Principles and lists as: Association, Economy, Democracy, Equity, Liberty, Responsibility, and Education.

Some correlation between Casselman's 'ideals' and Watkins' "Principles" is readily evident.



## Appendix Two

### Continuing Housing Co-operatives in Canada

Historically, and even today to a large extent, Canadian housing policy has been governed by two dominant beliefs: first that home-ownership is the best solution, and second that the private development/building industry should be free and is capable of building all the housing required.

Overcoming what Selby and Wilson describe as their "ambivalence, if not the(ir) active hostility" (Selby, 1988: 3), the federal Government introduced in 1949 a public housing program which in the intervening 44 years has produced over a quarter of a million dwelling units<sup>17</sup> for occupancy by those of low-income who pay a rent based on between 25 and 30% of their income.

This public housing tended to be concentrated in larger often high density projects numbering upward of 100 units and the congregation of households of low income, many in receipt of social assistance and headed by single, usually female, parents. The social problems created by these ghettos caused the government in 1973 to de-emphasize public housing (except for seniors) and to look to developers for the creation of non-profit (including co-operative) housing -- especially if it were to contain socially integrated and mixed-income occupants.

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<sup>17</sup>Approximately 3% of the almost 9,000,000 unit Canadian housing stock.

This initiative had been urged on the government of the day 30 years before,<sup>118</sup> and reiterated in 1964<sup>119</sup> and again in 1969.<sup>120</sup> But through those years the very notion of co-operative housing was perceived as a threat -- a threat to the stability and privacy of the traditional home-owning Canadian family, and a threat that would undercut the private sector house and apartment development industry.

However, experience gained in Canada and elsewhere in the development of co-operative housing, coupled with the goals of co-operators and governments in Canada shaped the definition of what is perhaps a uniquely Canadian solution: continuing housing co-operatives.

Almost all Canadian continuing co-operatives have been produced and financially assisted by the federal government, so that among other things lower-income families and individuals can be accommodated and integrated with those of moderate income. To avoid these co-operatives gaining the reputation and the stigma of low-income ghettos there is the "feeling in the Canadian movement that the optimum level is between 30 and 50 per cent" (Selby, 1988: 15) as the proportion of subsidized residents who pay a "rent geared to

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<sup>118</sup>In 1944 in the Curtis Committee Report on Post-War Reconstruction.

<sup>119</sup>In a report on housing commissioned by the federal government.

<sup>120</sup>By the federal Task Force on Housing and Urban Development.

income" of between 25% and 30%.

Canadian co-operatives are built (or rehabilitated) to National Building Code requirements and are of modest size and specification. Members receive no benefit when they vacate even if the project and their leased unit has appreciated in value. Many leave when their incomes rise to the point where house-ownership is feasible; others do not (there are no income ceilings) due to their commitment to living and working together in a co-operative environment.

In ideology, the principles of co-operativism as adopted by the International Co-operative Alliance are followed closely and adapted appropriately by Canadian housing co-operatives.<sup>171</sup>

1. Open and Voluntary Membership

Canadian co-operatives are not only open to all those prepared to respect reasonable by-laws and to assume the responsibilities of membership, but they generally actively attempt to attract a reasonable proportion of low-income families, and others of diversified social, cultural, age and income characteristics.

2. Democratic Controls

As in other forms of co-operative: one member, one vote; no proxy voting; directors elected from among members to whom they are accountable; and active participation

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<sup>171</sup>This comment on principles is based on Selby, 1988: 16-17.

encouraged if not required.

3. Limited Return on Investment

Shares of nominal price with limited or no interest paid, and saleable only back to Co-operative at original price.

4. Not-for-Profit Operation

Monthly charges are based on break even estimates of operating, and mortgage amortization expenses, and (prudently) amounts required to defray larger future expenses often associated with the costly replacement of certain items of equipment such as elevators, furnaces, etc. In addition some co-operatives have levied an additional charge to improve the co-operative's physical features and for education. If profits are made they are not rebated to residents, rather are they carried forward to reduce future housing charges.

5. Continuing Education

With full membership participation expected and the social and financial complexities of managing and administration and maintaining a housing project in mind it might be expected that housing co-operatives would place considerable stress on the need for a well-informed membership. The commitment of resources to this end is evident.

6. Co-operation Among Co-operatives

As with other forms of co-operative, housing co-operatives are legally and financially independent and

entirely responsible for their own management. However, federations of housing co-operatives exist at the provincial and national levels and, locally, many housing co-operatives are strongly linked with nearby credit unions and other co-operative services.

The first continuing housing co-operative formed in Canada was initiated by and for University of Toronto students in 1934, but did not encourage the formation of others.

It was not until the 1960s that the still ongoing development of continuing housing co-operatives for non-students was launched. In 1962 the Co-operative Union of Canada adopted the recommendations of a report it had commissioned which advocated both federal legislation and financial assistance for such affordable co-operative housing in urban areas using the model successfully used in Europe and the U.S.A. The federal government was not receptive to the proposal.

However, in Manitoba and in 1960, the Co-operative Housing of Manitoba was formed and after 5 years' halting progress Canada's first continuing housing co-operative for families in Willow Park, Winnipeg, was completed.<sup>122</sup> The Co-operative Credit Society financed the scheme: CMHC, the federal government's housing agency, provided technical advice and some funds; and the City of Winnipeg made the land

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<sup>122</sup>subsequently extended, Willow Park now contains 426 row housing units, day care and shopping centres.

available on long-term lease.

Several other isolated examples of continuing co-operatives were developed through the balance of the 1960s and the Co-operative Housing Foundation of Canada (CHF) was formed in 1968 with the support of the Co-operative Union of Canada (CUC), the Canadian Labour Congress (CLC), the United Church of Canada, the Canadian Catholic Conference, and some financial assistance from CMHC.

In 1970 five pilot continuing housing co-operatives were developed with federal financing and directed to the housing of those of moderate income, i.e., those whose incomes were insufficient to enable them to buy a house, but who were ineligible for public housing because they earned too much.

News of the successes of Willow Park and the five pilot projects demonstrated the viability and popularity of the concept and the need for an ongoing program of federal support to supplement and complement existing programs for home-owner and rental housing. Again the "middle way" was recognized.

In June of 1973 a federal program was introduced for administration by CMHC under which newly formed co-operative groups could get 100% loans (10% of which was forgivable) repayable over 50 years at a below market interest rate. In addition certain "soft costs" such as the costs of optioning land and hiring professional advice prior to project approval became the subject of grants and loans. Resource groups were developed across the country, with federal assistance, to act

as professional and technical advisors to those interested in developing co-operatives.

The federal objectives of this program<sup>123</sup> were:

1. to provide modest, affordable housing appropriate to the needs of low and moderate income families and individuals;
2. to house mainly families whose incomes may be too high for public housing, but who cannot compete in the open market for housing;
3. to encourage the integration of families and individuals of varying income.

(CMHC, 1992: 15)

The program was amended in 1978 and again in 1986 and introduced changes which do not relate to the theme of this thesis, but which made the program less generous. The changes included additional objectives: in 1978,

4. to produce housing at minimum cost by implementing appropriate cost controls, and
5. to encourage approved lenders<sup>124</sup> to provide capital for low and moderate income housing needs.

(CMHC, 1992: 18)

and in 1986,

6. to provide assistance for co-operative housing to promote

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<sup>123</sup>Section 61 of the National Housing Act.

<sup>124</sup>Until 1978 continuing co-operatives were directly financed by the federal government, after 1977 approved lenders -- the banks, larger insurance and trust companies -- provided the loans, which the federal government insured.

security of tenure for households unable to access homeownership.

(CMHC, 1992: 19)

A subsequent federal evaluation<sup>125</sup> of the program better explained the meaning of this last objective as shifting the client group to be served from those of low and moderate income, to those of moderate income who may "...have housing problems because they were unable to obtain security of tenure in private rental housing and cannot access (i.e., afford) homeownership" (CMHC, 1992: 30).

While the federal government may be regarded as a reluctant bridge in the launching of this program and at best never maintained more than an uneasy link with the Co-operative sector, its objectives (as cited above) did not conflict with those of the Co-operative Housing Foundation.<sup>126</sup> But the CHF had other objectives too -- "of increasing political and economic democracy, of education in co-operative principles and of building a sense of community" (Behnk-Furino, 1988: 44). Between them Laidlaw and the CHF Newsletter From the Rooftops spelt these other objectives out in more detail and Selby provided a commentary on them (Selby, 1988: 19-28). These additional objectives included:

(a) to promote housing to accommodate the special needs of

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<sup>125</sup>The Federal Co-operative Housing Program was the subject of a 1992 evaluation "The Federal Co-operative Housing Programs".

<sup>126</sup>Subsequently renamed the Co-operative Housing Federation.



those with physical, developmental or psychiatric disabilities, the elderly, single parent families, women in transition, Native Canadians and ex-inmates.

- (b) the creation of communities which, through shared experiences and problem solving, and social interdependence, develop an identity and unity among residents.
- (c) to emphasize the merits of self-management, operation and maintenance, and the development of skills in co-operators to assume these responsibilities.
- (d) to cause to be created a national network of specialized technical resource centres that would assist inexperienced volunteers in the development of their projects.

In these objectives we see the co-operators recognizing a particular responsibility for the less fortunate, a commitment to the creation of communities, skill development, and a network or umbrella body with the specialized skills individual housing co-operatives could not afford to employ.

### Appendix Three

#### Quo Vadis?

This appendix contains two sections. The first offers some generalized social development goals for housing co-operatives, and suggests how more specific goals may best be developed and achieved. The second identifies the indicators and causes of success and failure in co-operatives.

Between 1978 and 1982 the Canadian co-operative movement conducted the Co-operative Future Directions Project, and followed this up with a more concerted, thorough and democratic venture in 1989. This involved 16 regional "dialogues" and a national forum, the results of which were published in 1990 and 1991 in a two volume report entitled, Co-operatives in the Year 2004: Designing Future Relevance.

This report highlighted seven "common understandings" as the basis for action. These called for the Movement to adopt a more pro-active role in: causing co-operatives to co-operate with each other; broadening the public's understanding of co-operatives; achieving more effective relations with governments; increasing the formation of capital; enhancing the quality of leadership and the involvement of all members, especially women and visible minorities; and supporting new co-operative ventures.

Among other points made in the report relevant to this thesis, it was stressed that "the social and economic roles of co-operatives are intertwined...they cannot be entirely

separated and they must both be part of our response to the key issues" (Vol. 2, p. 10). On the subject of political involvement it was decided that "rather than being apolitical, we have to be assertively political yet in a non-partisan fashion" (Vol. 2, p. 11). A few pages later it appeared that assertiveness would require the abandonment of "political chastity" and "assisting government in returning to the people the tools to develop economic and social democracy". (Vol.. 2, p. 14).

Although federal support for the continuing housing co-operative program had not been terminated when the report was written, it was recognized that that support had left co-operators with "limited local control" and that they should seek "increased autonomy through less reliance on government support". (Vol. 2, p. 202).

#### Co-operative Housing Goals

The first objective of this Appendix is to suggest a range of generalized social development goals for Canadian housing co-operatives and how more specific goals may best be developed and achieved. A four step method is used to do this.

- (a) assessing those elements of the present and probable future political, economic and social environment which promise to effect housing co-operatives -- for better or for worse;
- (b) anticipating the position, role, and potential of and for

co-operative housing within that environment;

- (c) suggesting appropriate, generalized social development goals; and
  - (d) describing a process for the development of specific goals and the characteristics they should possess.
- (a) The environment of tomorrow

A variety of interpretations may be given to recent trends and changes in the developed world's political, economic and social environment.

Three trends and one change are perhaps of overriding importance in any attempt to anticipate the environment of tomorrow as it may influence housing and other co-operatives in Canada, and elsewhere for that matter.

The first trend is one which frustrates or reverses the trend towards greater social and economic justice which was apparent in the western world until a decade ago, which has been replaced by conservative, right-wing governments, and an erosion in the quality of social welfare so laboriously built up by liberal democrats inspired by a concern for the disadvantaged. Substantially higher levels of unemployment, economies in recession, if not depression, have caused governments to curtail their support for additional social<sup>177</sup> housing --

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<sup>177</sup>"Social housing" is a term usually associated with housing which benefits from some form of government financial assistance and may also be termed "affordable housing" or

including co-operative housing. Whether or not this condition will deteriorate further is at the moment unclear, just as it remains to be seen whether or not established right-wing governments will continue to pursue their policies of freer trade, unfettered competition, deregulation, privatization, etc.

The second trend, which has been tolerated if not supported by the right-wing governments, is that of an economic (and political) world increasingly dominated by the power of multinational companies.

The third trend has largely developed in reaction to the first two and is that of the formation of what are generally known as community (economic) development corporations which practice New Age economics. "This new model incorporates elements of both a modern corporation and a co-operative; it has public purpose, and yet is part of the private sector; it is humanistic, but also efficient" (MacLeod, 1985: unnumbered paper).

The change judged of singular importance is the recent collapse of the Soviet Union and the failure of communism. Right-wing governments and big business welcomed both and have been quick to exploit resultant opportunities to have the ex-communist countries adopt mixed economies and welcome conditional western capital investment. The western political-economic establishment

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"subsidized housing".

obviously see this change as support for what they consider the only system that works. This change has prompted Francis Fukuyama to write a book<sup>129</sup> based on the premise that the end of the Cold War has meant the end of history in as much as man now faces only mundane challenges and has adapted a culture of contentment.<sup>129</sup> He asserts that "liberal democracy" has won out over all the "isms" and, as the only viable option, will be inevitably adopted by all nations. But to Fukuyama the term "liberal democracy" is a mere euphemism for capitalism, which in turn is now considered by many to be synonymous with an emerging New World (economic) order controlled by multinational corporations.

The collapse of communism in the countries of Eastern Europe has also had an adverse effect on the image and operation of co-operatives. These countries have focused economic reforms on a privatized market economy. "Co-operatives have been described as part of the past, and have become objects for privatization",<sup>130</sup> as they were creatures of and controlled by the State.

Discussion surrounding the likely impact of these trends and this change are often dominated by those who

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<sup>129</sup>The End of History and the Last Man, Hamilton, 1992.

<sup>129</sup>See "The Culture of Contentment", J.K. Galbraith, published in 1992 by Sinclair Stevenson.

<sup>130</sup>Lars Marcus in his introduction to the ICA, 1991 Annual Report.

adopt extreme positions forecasting results which are either altogether good or altogether bad.

For example, English professor, James Harrison, of Guelph University, says that "big business is unresponsive to anything other than the bottom line, and as impervious to individual responsibility as big government", and suggests that "ours is the society that, in unctuously I-told-you-so tones, gloats over the failure of communism -- the one social order ill-advised enough to base itself on collective idealism rather than every-man-for-himself pragmatism".<sup>131</sup>

Again, when speaking to a 1992 Teachers' Association in Toronto, the Chairwoman of the Council of Canadians said that

the greatest threat to the social, political and cultural fabric of the country comes from transnational companies, which now account for one quarter of the world's output and 90 per cent of the industrial world's trade.<sup>132</sup>

At the same time and in contrast vehicles of the economic elite claim that

to the extent traditional services of social support (the small town, church and family) have crumbled in society, new kinds of organizations, particularly the corporation, have taken their place.<sup>133</sup>

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<sup>131</sup>See "The Globe and Mail", March 10, 1992.

<sup>132</sup>As reported in "The Globe and Mail", March 16, 1992.

<sup>133</sup>David Bell quoted in The Royal Bank Letter, March/April, 1992, p. 4.

The multinational corporations may represent a threat but it may be an exaggeration to suggest they have or will assume most of the social responsibilities which have been and will be abandoned by government as no longer affordable.

In a country like Canada rarely do trends produce extreme results nor do substantial external changes have extreme internal impacts. It is suggested that the third sector, particularly development corporations and co-operatives, have a potential to relieve, if not to resolve, a substantial need; a need to do two things:

Firstly, to expand their opportunities and their influence to better deflect the anti-social appetite of the multinationals and to cause governments to give a higher priority to their social welfare and educational responsibilities.

Secondly, to strengthen their commitments to the social imperative whereby they may successfully assume responsibility for some of the programs governments abandon.

It remains to be seen if "the largest socio-economic movement in the world" -- the co-operative -- "can cope with the awesome power of giant multinational corporations, now growing to frightening proportions" (Laidlaw, 1980: 8). Especially if government is still so "committed to capitalism, it never wants to see co-



operatives operating effectively, except in a very minor role and in situations that are not attractive for private-profit business" (Laidlaw, 1980: 16). And, one should add, when big business controls and uses the modern media of communications to influence, if not control, the opinions and decisions of an apathetic public, and to do this at the consumer's expense. (Chaisson, 1962: 127).

(b) The role of co-operatives

Given then that the prevailing climate will continue to tolerate and socially encourage third sector enterprise like co-operatives provided they are not seen as a threat to the established political-economic order (and one might add the New World Order), what is the position, role and potential of the co-operative movement in Canada and more particularly of housing co-operatives?

The Co-operative Movement has of late been the subject of considerable criticism. Greg MacLeod in his 1985 New Age Business alleges it has been ruled by technocrats, has become fossilized, education has concentrated only on public relations, is supported only out of loyalty, and is a second rate business with no soul or vision. However, he claims it has great potential and that a co-operative renaissance could occur. Alex Laidlaw was also alive to the weaknesses of many if not most co-operators. He said they include:

weak member participation and commitment, the neglect of education, a poor public image, and rule by paid bureaucrats (Laidlaw, 1980: 48-52).

In the introduction to the Editorial of the Month in the July-August, 1986 edition of New Maritimes the Co-operative Movement was said to be "a movement in crisis, as co-operators struggle to straddle the contradiction of functioning well in a shrinking private enterprise economy, on the one hand, and advancing a social vision based on sharing, on the other". (The historic tension between the economic and the social imperative).

Indeed it could and should be asked is there a need now and can a need be seen in the future for a non-political movement which pursues social objectives, and is the co-operative the most appropriate vehicle to do that?

There is considerable support for an affirmative answer to this question, at least among the more progressive members of the Movement.

In Atlantic Canada, for example, 30% of the population, 723,000 people, are members of or use the services of co-operatives.<sup>13</sup> But the publishers of "The Atlantic Co-operative" recently said,

Co-operatives have spent too much time and money preaching to the converted. Unless they

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<sup>13</sup>Canadian Co-operatives 1992, published by the Co-operative Secretariat, Ottawa, p. 5.

can appeal to Atlantic Canadians, who are not already members of co-operatives, the movement will fade away...the average age of...members is increasing more quickly than the average age of the general population. If the trend is not reversed, Atlantic co-operation will die.

(June, 1992)

The Co-operative Atlantic's annual meeting of 1990 decided to "play a key role in creating interlocking networks of co-operatives to counter the erosion of our democratic society", and "to protect Canadians from the effects of growing corporate power".<sup>13</sup> It was also decided that Co-op Atlantic should pursue "the co-operative form of ownership to enable people to take control of their own communities, economy and society by establishing economic institutions and structures which they control". (ibid.)

All this suggests the Co-operative Movement, in Atlantic Canada at least,<sup>14</sup> is determined to expand and play a larger role in the economic life of the region -- a tall order in a region which has been, is and will likely remain the poorest, most vulnerable and most

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<sup>13</sup>As reported in the April, 1990 edition of The Atlantic Co-operator.

<sup>14</sup>This is not to suggest the Movement has been asleep in the rest of Canada. The Co-operative Union of Canada has been active over the last 15 years in attempting to "stir the social conscience of the movement", and its major initiative was the Co-operative Future Directions Project launched in 1978, and the meetings which resulted in the 1990-91 report Co-operation in the Year 2004: Designing Future Relevance referred to earlier in this chapter.

dependent in Canada.

To become more specific and in reference to Co-operative Housing, it would be easy to conclude that in the absence of federal government funding the housing sector of the Movement has now only a housekeeping role with respect to the social imperative. But the results of the recent CMHC evaluation and other factors tend to support the notion that this sector will be active on several fronts.

Firstly, in pursuing more of the same, i.e., continuing and broadening the work reported to be vigorously and effectively carried out relative to people development in established housing co-operatives.

Secondly, it is probable those who live in such housing, and there are 1/4 million of them together with almost 200,000 on waiting lists, will actively support a movement to persuade the federal government to resume the funding of additional co-operative housing.

Thirdly, and whether or not the government can be persuaded to again fund additional co-operative housing, to assist in the development of a program or programs to fund new housing co-operatives without federal financial assistance.<sup>137</sup>

Fourthly, by co-operating with other co-operatives

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<sup>137</sup>See also Co-operatives in the Year 2004, Vol. 2, p. 66, which recognizes housing co-operatives will have to be supported "from other sources like the co-operative sector".

(housing and non-housing) in the pursuit of other means to achieve the social betterment of co-operators and to strengthen the influence and support the movement requires.

(c) Social development goals in co-operative housing

Every co-operative is different and it would be naive to suggest a series of specific goals for adoption by them all. However, it is pertinent and realistic to suggest the areas within which housing co-operatives should develop specific goals, and these are as follows:

1. At their formation few if any housing co-operatives have among their members the full range of expertise in all the areas that optimum self-management, administration and maintenance requires. External resources have been employed to provide a measure of the more essential expertise especially in financial management. In the interests of self-help, the encouragement of member participation, the development of member expertise, and economy, it is recommended co-operatives develop a plan for ongoing application which will have selected members learn the skills necessary to make and keep the co-operative as self-sufficient as may reasonably be expected. This is not, however, to suggest it is normally feasible for all skills or the more sophisticated complex skills to

be mastered by co-operative members. For all but the smaller and physically straightforward housing projects, it will occasionally be necessary to hire outside specialists from co-operative umbrella or non-co-operative organizations.

2. It has been recognized that while economic and social objectives are of equal importance to co-operatives, a co-operative has to become and continue to be financially viable if it is to pursue substantial social objectives with a concentrated purpose. Economic objectives and goals therefore must have priority but at the same time it should be confirmed they are but a means to social imperatives. In this context the money required for member development must be budgeted and controlled not only with respect to the knowledge and skills required for the operation of the co-operative, but for other agreed costs to develop member potential in related fields.
3. Co-operatives have a responsibility to reach out and assist other co-operatives, to work with other co-operatives towards common ends, and to relate to the external community (governments and the neighbourhood). Goals are required to better ensure these responsibilities are effectively carried out.

4. Social development goals, unrelated to the areas described above, could revolve around objectives such as: encouraging member participation and attendance at co-operative meetings, recreation, the development of non-housing co-operatives, such as day care, health, food, etc.
5. Co-operatives should have goals relating to the need to plan for and conduct an occasional social audit.
6. The Board of Directors of many Canadian co-operatives are dominated by white males aged over 50 years.<sup>138</sup> Goals need to be built around ensuring such boards are representative of the membership and residents of housing co-operatives including women, minorities, the disabled, the elderly and youth. Further that goals peculiar to and for such groups or individuals may be appropriate.
7. Goals to harness the time and expertise of those members who are unemployed and to provide them with some reward.

(d) The development of specific goals and their characteristics

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<sup>138</sup>A recent survey undertaken by Myrna Barclay and reported in "The Atlantic Co-operator", September, 1992, showed that in 19 randomly selected co-operatives the percentage of women in managerial and director positions averaged less than 15%.

To better ensure the selection and achievement of appropriate goals they should be developed and implemented according to a process similar to the following:

- \* they should be related to one or other of the objectives the co-operative members have elected to pursue;
- \* the resources, financial and human, required for goal achievement need to be estimated and within approved budget and available expertise;
- \* an action plan needs to be agreed defining: who will be responsible and who will support the implementation of such a plan; how the goals will be reached, within what time frame and according to what performance standards;
- \* goal achievement (or non-achievement) should be the subject of evaluation and social audit based on objectively verifiable indicators.

The goals themselves should have the following characteristics:

- \* they should be couched in specific language and be measurable.
- \* goals should be challenging but considered capable of achievement within a short-term time frame, preferably no longer than 12 months.
- \* they should be designed to benefit members of the



co-operative in a tangible fashion, strengthen the co-operative as an entity, and prepare it to face the future with confidence.

Indicators and causes of success and failure

The second objective of this Appendix is broader in scope and reflects the need voiced at the conclusion of Chapter One, i.e., to identify the indicators and causes of Co-operative success and failure. The indicators and causes of success are essentially the converse of those relating to failure.

In addition to the existence of a set of goals developed and designed in accordance with the suggestions given earlier in this Appendix, other factors indicative of and likely to cause future success include evidence the co-operative:

- practices the six ICA co-operative principles;
- holds regular, well-attended and businesslike meetings of the board and its committees which should include membership, finance, property maintenance, and external affairs committees, each with its own terms of reference;
- has a detailed, controlled budget reviewed not less frequently than monthly by the board, and "on track" to complete the year within budget;
- has a board and committees alive to the external environment: the neighbourhood, the municipality and to other private and public institutions capable of influencing (for better or worse) the co-operative, or being influenced by the co-operative;

- has a democratic and thorough decision-making process based on the availability of appropriate, current and accurate data, a consideration of alternatives, sufficient discussion and membership consensus;
- has a membership which has a growing and solid financial investment and an ongoing investment of time in the co-operative.

It is apparent that all successful co-operatives demonstrate most of these practices. Conversely, those that fail do so because they either do not evidence these practices or fail for any one of a multitude of other reasons both intrinsic and extrinsic.

Intrinsic, and largely controllable, causes of failure include: member apathy or selfishness; management inertia, senility or corruption; a preoccupation with only economic goals; internal division; the lack of a philosophy oriented towards the future or one incompatible with external realities. Extrinsic, and virtually uncontrollable, causes of failure include: the withdrawal of essential support; competitive pressure; public ignorance, indifference or antipathy; and rising affluence and individualism.

Successful co-operatives have much in common, those that fail may do so for widely different reasons.