

machinery. While the commercial agriculture of recent years changed the form of group activity the co-operative principle remained. Many farmers found that savings could be made by co-operating in the marketing of their products and the purchasing of supplies.

Co-operation, as it is thought of in Canada to-day, is an organized undertaking which takes us back to about 1850. Historical records of that time refer to mutual fire insurance companies, cheese factories and creameries followed by co-operative stores. Early development was local in nature but when production increased beyond local needs distant markets had to be found. Farmers learned that it was good business to combine their resources and pool their returns when shipping to distant markets. It reduced the risks of individual effort and the increased volume brought economies in operation.

**Legislation.**—In 1908 the Nova Scotia Legislature passed the Farmers' Fruit Produce and Warehouse Associations Act and in the same year the Quebec Legislature enacted the Co-operative Agricultural Associations Act. Since that time each province has provided for the incorporation of co-operative associations by suitable legislation. Since 1932, five provinces have enacted new co-operative associations Acts and in three provinces there have been extensive amendments or consolidations. Such legislation varies between provinces but in most cases it adheres to the principle of 'one man, one vote'. Interest on capital is limited and it is required that profits shall be distributed to members on the basis of patronage. There is no Dominion co-operative Act but several farmers' organizations have been incorporated under the Dominion Companies Act. Others have been incorporated by special Acts of the Dominion Parliament and provincial legislatures. About 90 p.c. of the associations reporting are incorporated by one or other of these means but many small associations have not achieved such status and are buying or shipping through clubs or circles.

In May, 1939, the Dominion Parliament provided assistance and encouragement to the co-operative marketing of agricultural products in the Agricultural Products Co-operative Marketing Act, 1939. The main purpose of the Act is to make it possible for an organization of producers operating on a co-operative plan to finance its producers through the marketing period. This is accomplished through a Dominion guarantee against loss on an initial payment to producers, the amount of which is agreed to by the co-operative association and the Dominion Government. Eight associations embracing a large range and volume of farm commodities operated under this Act in 1940. The Act applies to practically all farm production except wheat for which a special act was provided called the Wheat Co-operative Marketing Act, 1939. In principle and purpose this Act is similar to the Agricultural Products Co-operative Marketing Act.

**Function and Value.**—For the purpose of this record a farmers' co-operative business association is defined as a business organization owned or controlled by the farmer patrons (i.e., farmers who use its services,) and operated in their interest. An *efficiently* operated co-operative provides a certain sense of satisfaction to its member patrons. The patrons know that through their co-operative they have received the best price obtainable for their products. They are given an annual statement in detail, certified by a competent auditor, accounting for all costs up to the time of primary sale. They have access to the books of their co-operative in order to obtain additional information with respect to any transaction. They know that the whole of the selling price less necessary and accountable costs has been returned to them.