Group Farming, Agricultural Production Cooperatives, and Production Cooperatives Bibliography

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Theoretical Perspectives


Common Property Resource Regimes


Group Farming

Almås, Reidar. 1994. New Forms of Co-operation in Norwegian Agriculture; pg. 147—161 in Norway’s Gift to Europe: Fifteen Selected Articles on Rural Persistence and Change; Centre for Rural Research, University of Trondheim, Trondheim, Norway.

Gertler, Michael. 1981. A Comparison of Agricultural Resource Management on Selected Group and Individual Farms in Saskatchewan; M.S. Thesis, Faculty of Graduate Studies and Research of McGill University, Department of Renewable Resources, MacDonald Campus of McGill University, Montreal, Quebec, March.


**Farm Machinery Cooperatives**

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Harris, Andrea and Murray Felton. 1999. The CUMA Farm Machinery Co-operatives. Centre for Cooperatives, University of Saskatchewan, Saskatoon.

Harris, Andrea and Murray Felton. 1999. Farm Machinery Co-operatives: An Idea Worth Sharing; October, 1999; University of Saskatchewan, Saskatoon.


**Agricultural Production Cooperatives**


Morris, J.B. 1972. An Economic Analysis of Selected Production Co-operatives In Saskatchewan; A Thesis Submitted to the Faculty of Graduate Studies for the Degree of Master of Science in Agricultural Economics, University of Saskatchewan, Saskatoon.


Smith, Gary W. 1977. Production Co-operatives: Their Role in the Development of Rural Saskatchewan; B.S. in Agriculture Thesis; University of Saskatchewan; Saskatoon, Sask.


**Producers Cooperatives**


**Informal Labor Sharing**


In the first chapter of this book, Galeski discussed some theoretical issues and certain characteristics associated with group farming. These characteristics differ depending on the type of organization established. His typology of different models of collective farming is based on the nature and origin of group farms and the underlying purposes of those who establish them. Galeski distinguishes among four types of collective farms: 1) collective farms created by believers in an ideology which puts a higher value on non-economic than on economic goals; 2) collective farms created by landless families who were able to acquire the land but not to start individual family farms; 3) collective farms organized by governments in order to reach national economic and social goals; and 4) collective farms organized by farmers in order to get the advantages of larger operations – lower costs of production, more effective use of land, manpower, and capital, etc. – and consequently higher economic returns. He provides two qualifications to this typology. First, these types are not mutually exclusive. In some countries virtually every type of collective distinguished above can be found. And second, these are ideal types. In reality there are often several underlying reasons for organizing collective farms.

Galeski uses several criteria for comparing different forms of collective farming., the two most important being: 1) joint ownership or use of land and of other means of agricultural production; and 2) socialization of work, or, more generally, joint farming since it includes both productive labor and management and decision-making. On the basis of these criteria, he establishes a continuum from the least socialized (communal ownership of land but with individual farming and mutual labor exchange to the most socialized (communes and the Kibbutz) forms of collective farming. Other features or criteria for comparing group farming systems are also discussed: management and decision-making (real access of members to decision-making processes, the free election or appointment of managers), the organization or and degree of socialization of consumption, and the distribution of output. In dealing with the continuum, however, no automatic transition from lower to higher levels of cooperativization is to be expected. Galeski’s continua merely depict different levels of integration of existing group farming systems, and not automatic stages of an evolutionary process.

Finally, Galeski relates his typology of collective farms to the socio-economic systems within which they operate. He distinguishes two broad types of socio-economic systems – an interactive (market) system and a directive (planned) system. His conclusion is that collective farms of his types one and four could emerge and survive only in an interactive system, while his type three will be found only in a directive system. Only his type two could emerge in both directive and interactive economic systems. However, he believes such farms will evolve to resemble state farms in a directive system, while they are more likely to be transformed into individual farms with some shared property or commonly organized services in an interactive system.

Abstract

The overall concern of this essay is with the ways in which processes of capitalist development have shaped the existence and transformation of the family farm and rural life. This theme is explored comparatively through an analysis of the rise and decline of mutual aid between farm households in the Far North of New Zealand and on the Canadian prairies. The historic importance of mutual aid and its declining significance is interpreted in terms of its relevance to the reproduction of relations of production of the family farm. Consequently, it is suggested that while veiled by the idiom of neighborliness, mutual aid involved obligations to reciprocate which were conditioned by the imperatives of reproduction. Such an analysis is a necessary step towards unraveling the complexity of rural social structure and demystifying our often Arcadian imagery of the family farm and its community. It thus adds to the critique of interpretive schemes which insert a discontinuity between a peasant-like past and a progressive present.

Common Property Resource Regimes


This discussion draws on a variety of parts of a puzzle and assembles a different perspective for development of future Common Property Resource regimes. From this landscape ecologist’s point of view, we must urgently move on from theory and historical lessons to boldly design and adaptively or experimentally develop new Commons (common property recourse management institutions) as potential long-term solutions to restoration and future sustainability of rapidly degrading environments. Without repeating theory or concepts that are well known to institutional analysts and political scientists studying Common Pool Resources, I attempt to draw together the identified characteristics of successful enduring Common Property regimes with the needs for maintaining and restoring social and ecological capital especially in rural areas. I then highlight the concepts and logistical objectives behind the 30-year old UNESCO Biosphere Reserve Program, which appears to have great potential as an operational framework within with to design and assemble new commons as experimental models. The novel arrangements, experience and lessons from one such model – the Bookmark Biosphere project in South Australia, are described as an example.
The loss of ecological function across landscapes and whole regions is clearly a global priority, not only because of the direct impacts on bio-diversity and the processes it sustains but also the social consequences arising in communities whose very existence is dependent on this natural capital. Conventional attempts to address these issues invariably fail to capture appropriators “wholes” and are hampered through narrowly-focused programs, entrenched property rights, institutional impediments, economic incentives, and inappropriate spatial and temporal scales.

The enduring resource systems of Common Property Resources (CPR), collectively managed, appear to contribute to ecological and social resilience within an external context of high risk and uncertainty. The sustaining vigor of successful common property regimes (CPR) has provided the interface through which the demands placed on the natural environment by these communities were more closely matched to the broader scale natural processes that supplied these environmental goods and services, both spatially and temporally. We need to revisit these institutional forms and determine, through application, if these social organizational arrangements are socially and ecologically robust, to deliver sustainable rural futures.

A critical step in this endeavor and one of the greatest challenges facing researchers undertaking this type of study is to strategically commence adoption of CPR concepts utilizing the experience gained by institutional and political theorists and applying them to on-ground scenarios, in a variety of contexts including those in western federated nations. Once demonstrated through application, the CPR approach, with its unique qualities of flexibility, collaboration, and scale, may evolve into a powerful tool capable of addressing critical issues that have to date evaded the institutional constraints of conventional paradigms.

This paper outlines the early development of one such model and details the efforts of a group of graziers in Australia who are developing a contemporary CPR from private parcels of land in an attempt to address the degradational spiral that continues to challenge them, and their rural counterparts world wide.

**Group Farming**

Almås, Reidar. 1994. New Forms of Co-operation in Norwegian Agriculture; pg. 147—161 in Norway’s Gift to Europe: Fifteen Selected Articles on Rural Persistence and Change; Centre for Rural Research, University of Trondheim, Trondheim, Norway.

This paper gives a short overview of most of the new forms of co-operation in Norwegian agriculture. The more well known forms, as the group farm, the joint summer pasture with cowshed and the machine circle are analyzed thoroughly. Other joint ventures in irrigation, clearing of land and plant cultivation are touched more briefly.

The analysis takes into account both the benefits from and the barriers against primary co-operation in agriculture. There are economic advantages both in group farming and in ma-
chine co-operation. The social and work advantages are most obvious in group farming and in the joint summer pasture with cowshed.

In this last form the cows are taken away from the farm to a co-operative pasture area in the mountains during the busy summer season. While hired dairy workers take care of the cattle, the farm family can have their holidays and do field-work.

One economic problem arising from private production is the lack of equality and identity of interests. But even when these conditions are fulfilled at one time, problems might arise. The member’s involvement will change; member farms pass through generation shift at different times and farm production is under continuous change that varies from farm to farm. The economic and political context of farming and co-operation is also important, giving the framework within which the co-operative farm units have to exist.

Gertler, Michael. 1981. A Comparison of Agricultural Resource Management on Selected Group and Individual Farms in Saskatchewan; M.S. Thesis, Faculty of Graduate Studies and Research of McGill University, Department of Renewable Resources, MacDonald Campus of McGill University, Montreal, Quebec, March.

The objective of this investigation was to study impacts of agricultural resource management that result from the pooling of human, land, and capital resources in group farming arrangements. Does joint operation of farm units, as practiced in Saskatchewan, contribute to the adoption of more or less ecologically sustainable farming practices, as far as that quality can be measured?

Fifteen group farms with a minimum of three active operators (smaller groups and the religiously-motivated Hutterite colonies were not considered) were paired with neighboring individual-type farms. These latter farms were identified by local agricultural officials as being “above average” in terms of management and were roughly matched to the group farms in terms of soil type and kinds of agricultural production being undertaken. Data were collected for the 1978 crop year on the major aspects of their production systems: land base and land tenure; cropping program; livestock program; specific soil and water conservation problems and practices; machinery inventories and management; business management and planning; and human resources management and organization.

The two samples of farms demonstrated a similar propensity to experiment with crops not in common use and to try new products or practices for fertility maintenance or weed control. One half of the individual-type farms and two-thirds of the group farms reported recent soil tests. Where livestock were part of the farming program, the groups showed a somewhat greater tendency to try different breeds and/or management techniques. In the area of machinery use, the groups reported more experimentation with no-till seeders, with other types of new equipment, and with modification or manufacture of implements. The use of face masks and devices to protect against hearing damage was also more widespread on the group farms.

This study dealt only with grain and mixed grain/livestock farms in Saskatchewan. Even for this population, however, the sample construction procedures introduce potential bias. These limitations must be borne in mind when attempting to generalize from the data. Nevertheless, the findings tend to support the contention that group farming can facilitate a relatively high level of resource management in the context of large and relatively diversified farm operations.
The purpose of this survey is to examine the experience gained from various types of group farming, in particular in France and Spain, and to draw conclusions as to their utility. This implies assessing how far groups have improved the condition of the farmers who established them and how far group farming can contribute to the achievement of a better agrarian structure, thus meeting the objectives of government agricultural policy. On this basis it should be possible to show how far governments can usefully guide or promote the development of this mode of farming.

It emerges from this survey that group farming seems worthy of attention from OECD governments and from farmers in the OECD countries. In this connection it would be advisable to examine the legal situation in each country. As stated above, one of the main obstacles to the development of group farming is the existence of a fiscal system less favourable to groups than to individual farms. The government might therefore decide to amend existing legislation if it feels that group farming can contribute to its policy objectives. In this case it will probably have to evolve special statutes for a new type of company or co-operative appropriate to agricultural production (some check on the bona fides of the groups set up may prove necessary). It will also be expedient to consider how the psychological problems linked with the traditional individualism could be solved and to see how farmers wishing to form groups can be given advice and guidance. Care would, however, have to be taken to see that group farming was not enclosed in too rigid a framework but was allowed maximum flexibility of development.

Inasmuch as they contribute to the creation of a better agrarian structure, groups may be considered eligible for State aid under a selective investment support policy, wherever such aid seems necessary to help them to get started. Once established, however, groups should be viable and should not require any special prolonged assistance.


The modern cooperative community resembles that of the past in many ways, but there are major differences in the mode of origin and in the basic objectives. Certain characteristics of the cooperative communities of the past, however, are retained by contemporary settlements. As our purpose here is to explore the value of the cooperative community as an American technique of postwar resettlement, we should begin with a discussion of the experiments conducted in the United States.

The primary objective of the farms organized by the Farm Security Administration was that of rehabilitation. These recent experiments in cooperative living lasted only a few years, for they were still in the experimental stage when the United States Congress, in the spring of 1943, ordered their liquidation. In an economic evaluation of these short-lived experiments of the F.S.A., it is clear that our deductions will have to be concerned with potential accomplishments. But in a general social evaluation, we have actual achievements to consider.

To what extent did these farms succeed in rehabilitating the members? Eaton has formulated ten criteria of success in rural rehabilitation: (1) Material well being as related to food, housing, clothing, luxuries; (2) Assured income through continuous employment and job security; (3) Satisfactory conditions of work, including reasonable hours, vacations and sick leaves, safety precautions and accident insurance; (4) Adequate wages, and insurance against unem-
ployment, crop failures, old age, illness and death; (5) economic democracy, with the right of workers to bargain collectively and to participate in control; (6) Good health, with adequate medical care available for all; (7) Education for children, youth and adults; (8) Leisure time; (9) Social participation for all individuals in an integrated society; (10) Opportunity for self-development in economic, social and political affairs.

In our views of our findings relative to these cooperative farms, Eaton’s conclusion that they would eventually satisfy all his criteria seems amply justified. Undoubtedly, as instruments of rural habilitation, these cooperatives pioneered significantly. The aim of the F.S.A. was not merely to set up a rehabilitation program for individual farmers. It also had in mind the enrichment of American agricultural resources. Eventually the use of cooperative large-scale farming would, it was believed, alleviate to eradicate the unsound agricultural conditions that had developed in the United States. The cooperative farm seemed an excellent solution: the individual, unable to compete with great “factories in the field”, could unite his resources with those of other farmers and thus obtain the most modern machinery, services and results.


The science which considers human relationships as its specific area of investigation is sociology. The mode of human interrelations based on doing things together is cooperation. For although cooperation appears to attract more and more the attention of social scientists, our knowledge of it is as yet “scattered, spotty and even chaotic.” A short survey of the development and functioning of the modern cooperative community may serve, therefore, a useful purpose. It may help direct attention to a rich store of cooperative practice particularly suited to investigation of the kind which may lead to the foundation of a sociology of cooperation. According to their origin, we can distinguish three basically different types of cooperative communities: (1) the religious; (2) the socio-reformistic; and (3) those predominantly motivated by economic considerations. A brief comparison of the essential features of the three main types of cooperative farms existing today, the Kolkhoz, the collective Ejido, and the Kvutza or Kibbutz should help to illustrate the point.

To sum up, then: We find that the Kolkhoz, the collective Ejido and the Kvutza have the following features in common: (1) their motive of origin, which in each case is related to the needs of agriculture, reform reclamation or resettlement; (2) adherence, at least in theory, to the Rochdale Principles; (3) large-scale cooperative agricultural production; (4) internal autonomy, again in theory though not, as in the case of the Kolkhoz and the collective Ejido, necessarily in practice; (5) an observable modification of the traditional social institutions. As to the features in which they are not alike, the differences between the Kolkhoz and the Ejido are not only slight as compared with the more basic differences between them and the Kvutza. We may sum up these differences as follows: (1) while Kolkhoz and collective Ejido were established by administrative decree, the Kvutza came into existence by spontaneous, voluntary decision of the people concerned; (2) the settlements of the Kolkhoz and the Ejido types out number by far the Kvutza; (3) Kolkhoz and Ejido are controlled by government agencies, enough to raise doubts as to their genuinely cooperative nature, while the Kvutza is virtually free of such control; (4) in the Kolkhoz and Ejido cooperation extends chiefly to large-scale agricultural production and only partly to consumption, while in the Kvutza both production and consumption are cooperative; (5) modi-
fication of social institutions may be observed in the Kolkhoz and Ejido, but only in the Kvutza has such modification reached a stage where we may speak, as in the case of the family, of re-modeling.


In its present form and context, family farming is an increasingly unreliable vehicle for achieving the goals of most farmers, would-be farmers, and non-farmers. Increasing farm differentiation and stratification, increasing reliance on hired labor, high failure rates, significant barriers to entry, unsound resource management, and the depressed state of farm communities, also argue for studying alternative approaches to organizing agriculture. Arrangements which preserve attractive aspects of family-based farming, even if not always the family farm as presently construed, deserve consideration. Farmers are already experimenting with new approaches to keeping their families in farming, their farms in the family, and to assembling the resources necessary for success. These arrangements are typically between relatives and range from sharing equipment to fuller integration as a partnership, corporation, or cooperative. Where there is commitment to owner-operation and family-based production, such integration can accommodate productivity-enhancing techniques and preserve positive aspects of family farming while avoiding the less attractive characteristics of industrial agriculture. Among the formulas tried in Canada, group farms operating as production cooperatives appear to have particular potential for resolving apparent contradictions between social, economic and resource management goals.

Group farming offers many potential advantages: reduced machinery costs and access to larger, more specialized equipment; sharing of labor, experience and skills; possibility for member specialization in particular tasks or enterprises within a larger operation that is more diversified; more possibility for experimentation with technology and techniques; improved decision-making processes; better accounting and planning functions; greater access to credit; security in case of illness or incapacity; and reduced isolation, stress, and physical risk due to sharing work and responsibilities. These advantages are not realized automatically. The complexity of managing a larger multi-member farm sometimes leads to problems in coordinating activities and personalities. Nevertheless, group operations demonstrate the capacity to achieve many of these benefits.

In addition to addressing cost and management problems, group farming arrangements may be useful in responding to other system deficiencies: the unmet needs of part-time farmers, farm women, and hired workers; and the need for new entry and tenure formulas. Some group farming arrangements might also facilitate adopting resource-conserving production practices and provide a socioeconomic base on which to rebuild rural economies. A significant minority of Canadian farmers are multiple job holders by necessity or by choice. Even in prime agricultural regions, off-farm work is often a long-term solution to inadequate farm income and under-employment during winter months. Unfortunately, part-time farmers and farm families must often cope with a double work day.

Under some group farming arrangements, it is conceivable that people with little initial equity could join and participate as members, contributing their labor and borrowing enough capital to buy a share in the operation. Canada has yet to deal with farming’s environmental con-
tradictions. Given the agri-food system’s present structure, there is little likelihood of a major shift in research agendas or that many farmers will voluntarily risk economic penalties to emphasize stewardship ideals. Other approaches will be necessary to create more ecologically rational farming. Here, too, group farming arrangements have potential. Groups can operate a number of enterprises, each at a scale which captures available economies, and in so doing can reap the ecological benefits of a more diversified farming system.

Multi-family farms may have some potential as vehicles for rural redevelopment. Group farming can increase the number of people gaining a livelihood from agriculture. With sufficient scale and joint enterprise among groups, it could also provide the context for renewed manufacturing, processing, service and other economic activities.

Perhaps the most important is the potential impact of group farming on the culture of agriculture. As organizations that require face-to-face contact and purposeful joint action by farmers, they can become the nuclei of other activities. Experience suggests that production cooperatives and similar group farming arrangements can produce commodities efficiently. They can also produce people with the skills, time, and enthusiasm to rebuild community institutions, including the more traditional cooperatives (Gertler and Buttel, 1981).

**Farm Machinery Cooperatives**

*Harris, Andrea and Murray Felton. 1999. Farm Machinery Cooperatives in Saskatchewan and Quebec; Centre for Cooperatives, University of Saskatchewan, Saskatoon*

This is one of a series of three booklets that document the results of a study that examines the applicability of different types of farm machinery co-operatives in Saskatchewan agriculture. This booklet describes the structure and organization of farm machinery co-operatives operating in Saskatchewan and a type of farm machinery co-operative known as the CUMA which has been used by farmers in Quebec and Ontario. Some guidelines and considerations in forming successful farm machinery co-operatives are also discussed. The information presented is based on extensive interviews with members of co-operatives and others involved in the development of farm machinery co-operatives. A number of the co-operatives studied are featured as case studies within the booklet.

*Harris, Andrea and Murray Felton. 1999. The CUMA Farm Machinery Co-operatives. Centre for Cooperatives, University of Saskatchewan, Saskatoon.*

This booklet begins with a description of the CUMA administrative and organizational structure. This is followed by an overview of the CUMA development process, including the steps involved in forming a CUMA and a discussion of who’s involved in this process. The booklet ends with a discussion of the evolution of the CUMA movement in Quebec and how CUMAs have sparked interest in other forms of co-operative arrangements, in particular the sharing of farm labor. Includes a sample subscription contract and sample by-laws.
This booklet documents the results of a financial model that quantifies some of the benefits that Saskatchewan grain farmers can expect to achieve through farm machinery co-operatives. Specifically, the model compares the costs of owning farm machinery as individual farmers with the costs of owning machinery as members of a farm machinery co-operative. Since the optimal size of machinery varies for an individual farm as opposed to a co-operative made up of several farms, the time required to complete operations under both scenarios is also examined. The model considers cost and efficiency variables for selected machines and equipment typical to a Saskatchewan mixed grain farm. The variables examined include: time requirement (hours needed for farm operation), fixed costs, operating costs, total machine costs, rental costs, complement costs. In the first part of the booklet, the cost comparisons are presented on a machine by machine basis. In the second part, the overall costs associated with whole machinery sets corresponding to both a direct seeding and a conventional seeding system are examined.

The mechanization of agriculture, while allowing for gains in productivity, has also contributed to a large economic drain on some farmers. In response, an increasing number of farmers have looked to farm machinery arrangements, which provide an alternative to ownership and the associated capital burden. Farm machinery co-operatives are one example of alternative farm machinery arrangements being considered by an increasing number of Canadian farmers. Quebec farmers in particular have adopted the co-operative structure as a way of reducing the costs associated with operating and financing farm machinery and equipment.

The particular type of machinery co-operative being adopted in Quebec is known as the CUMA, Cooperative d’Utilisation de Materiel Agricole. Since 1991, more than 1000 farm operations have become members of more than 47 CUMAs established in Quebec. This development has meant a 70 percent reduction in the machinery costs of some farmers.

The purpose of this project, funded by the Agricultural Development Fund, was to: (a) determine the applicability of the CUMA model of farm machinery co-operative to Saskatchewan agriculture; and (b) to assess the potential impact of similar machinery co-operatives on the machinery and equipment costs of Saskatchewan farmers.

The results of the research conducted for this project is compiled in three booklets:
* Farm Machinery Co-Operatives: An Idea Worth Sharing – documents the results of a financial model developed to compare the costs of owning selected types of farm machinery as individual farmers and as members of a farm machinery co-operative.
* The CUMA Farm Machinery Co-operatives – includes a detailed description of the CUMA administrative and organizational structure; an overview of the CUMA development process; a discussion of the evolution of the CUMA movement in Quebec; and a sample set of bylaws and subscription contract.
* Farm Machinery Co-operatives in Saskatchewan and Quebec – describes the different organizational structures used by farm machinery co-operatives in Saskatchewan and Quebec and in-
cludes case studies of farm machinery co-operatives. Guidelines for the formation of a successful farm machinery co-operative are also provided.

**Agricultural Production Cooperatives**


**Agricultural Production Cooperatives (APCs)**

Benefits from APCs were supposed to be associated with their ability to (i) facilitate the utilization of scale economies, (ii) contribute to greater equity; (iii) to increase workers’ motivation; (iv) to lead to faster adoption of technology; and (v) to bring forth a higher level of public good provision. Review of these arguments indicates that (1) there are no significant economies of scale which could be utilized exclusively by production cooperatives; (ii) equitable distribution of the fruits of communal production introduces severe disincentive effects which in many cases undermine the viability of cooperative production, especially since production cooperatives do not have an advantage in providing implicit insurance in an environment characterized by high risk and incomplete insurance markets; (iii) arguments concerning higher motivation, more rapid adoption of innovations, or provision of public goods through production cooperatives lack theoretical foundations and the evidence concerning these issues is ambiguous.

The potential disadvantages of APCs in the areas of incentives, employment generation, and investment have received considerable attention in the literature. These predictions are reinforced by empirical evidence showing that cooperative forms of agricultural production exceeding the size of a family farm are virtually absent in industrialized countries and that the experience with formation of production cooperatives in seven developing countries was dismal.


This paper examines theoretical reasons and provides examples for productivity differences between agricultural service cooperatives and collectives. Service cooperatives can utilize economies of scale, enhance competitiveness, and provide technical information, advantages that often outweighed problems of free-riding, low investment, and excessive political intervention. Agricultural collectives, while not adding substantial advantages, are in addition associated with problems of supervision and effort supply, tendencies to substitute casual workers or mechanization for regular members, and low investment incentives. While collective forms of organization in transition economies respond to high risk and market imperfections, they do so inefficiently. Policies that create conditions for service cooperatives to compete may lead to large productivity gains.

This paper discusses the cooperative method of organization by considering its historical, political and economic nature and then focuses on production cooperatives and the way Saskatchewan provincial legislation has dealt with them. Specifically, Matador Cooperative Farm of Kyle, Sask. is discussed as an example of an early production cooperative which has had successes and failures and was recently sold to the Saskatchewan Land Bank Commission. From this the new Matador Farming Poll was organized. In conclusion, some criticism and suggestions are made concerning cooperative farming. It represents a reasonable opportunity for those who want to start farming or those already farming, to improve their economic and social level of living, through collective action. Cooperative farming tends to offer the possibility of the advantages of centralized administration while still retaining democratic control and flexibility in operations. Cooperative farming groups will require to be well informed with respect to cooperative and farm management principles in order that an economically and socially sound basis of operations may be carried out. There are certain political developments that influence this development as well. It is clear that some new principles will have to be developed as well as adaptation of the present cooperative principles.

Morris, J.B. 1972. An Economic Analysis of Selected Production Co-operatives In Saskatchewan; A Thesis Submitted to the Faculty of Graduate Studies for the Degree of Master of Science in Agricultural Economics, University of Saskatchewan, Saskatoon

This thesis contains an examination of the co-operative approach to agricultural production to determine the extent of economic benefits and disadvantages associated with its use in Saskatchewan. More specifically, the operations of selected machinery co-operatives and co-operative farms incorporated in Saskatchewan under The Co-operative Production Associations Act, 1967, were analyzed to determine if during selected periods of their operations, their members had achieved a level of well-being superior to that realized by operators of comparable individual proprietorships.

Co-operative theory and selected economic theory were reviewed. Both suggest that production co-operatives should attain benefits from the realization of cost economies, and the advantages of diversification, specialization of labor and resource pooling. Indifference curve analysis was used to examine the effect of various levels of economic and non-monetary returns upon a member’s well being relative to his preferences for each. Operations of similar co-operatives in Britain and continental Europe were reviewed, as were the recorded experiences of the production co-operative movement in Saskatchewan.

Eleven co-operative farms operating in Saskatchewan between 1964 and 1968 and seven machinery co-operatives operating in 1968 were analyzed. Sources of data and information included two sets of questionnaires, annual co-operative financial statements, interviews with the secretaries of all the co-operatives studied, publications by the Saskatchewan Department of Agriculture, and other published material. A major effort was required to make the available data pertaining to co-operatives and individual proprietorships comparable. However, it was not possible to establish the extent to which data pertaining to individual Saskatchewan farms represented the performance that members of the co-operatives would have achieved if they had farmed individually.
The economic analysis in general consisted of comparing production co-operative data with comparable “yardstick” data from individual proprietorships. Co-operative farm economic performance was measured in terms of ratios of costs to returns, net farm income to value of production as a ratio of value of production. Absolute, per-member, net farm income and operator labor and management returns were also calculated. Economic performance of machinery co-operatives was largely evaluated in terms of production costs, although an income measure was also used. Certain sociological concerns such as decision-making, group management, member relationships, and other similar aspects arising from the operation of the subject production co-operatives were examined in a non-monetary analysis.

The economic analysis indicated that in terms of only economic measures, farms had achieved performance inferior to that of “yardstick groups” selected; only four had achieved generally superior economic performance. Most machinery co-operatives had achieved cost economies, although the extent of such achievements varied. The analysis of non-monetary features revealed that many production co-operatives had experienced some degree of member relationship difficulties. Group management and decision-making required often difficult adjustments in such matters. However, members reported the achievement of greater leisure time, enhanced security, and other non-monetary benefits from their co-operatives. The combined economic-sociologic nature of production co-operatives was evident throughout this study. As production co-operatives can not be adequately evaluated unless both economic and sociologic considerations are taken into account, and as each co-operative was somewhat unique, the case study method was used in place of more formal and precise analytical procedures.

The study demonstrated that production co-operatives, in general, offer potential economic performance superior to that achieved by many individual proprietorships. However, achievement of that potential is not ensured by the mere existence of a production co-operative as the achievement of economic success is not automatic. Achievement of economic or social benefits from a production co-operative, consistent with members’ preferences, requires the availability of sufficient productive resources, an adequate legal and operational framework, and sufficient managerial capability to ensure that the co-operative functions in an economically and sociologically superior satisfactory manner.

Interpretation and use of the specific conclusions arising from this study requires recognition of the limited number of production co-operatives upon which the study was forced to rely, the data limitations which were experienced, and that a full examination of all the sociological aspects of such organizations was beyond the scope of this study. However, these limitations do not detract from the general conclusion that production co-operatives offer potential advantages to agricultural producers under certain circumstances.


As in any group or type of organization there are many problems with social and economic aspects and by no means are co-operative farmers unique in this aspect. I have tried to show you what took place economically, in the foregoing, naturally one ties in with the other and in ordinary farm society your social status more or less follows your economic success or failure. In this new field of co-operative farming the members of the Beechy farm hovered almost on disaster. It was felt that complete independence was possible. As a result in the early years it was very difficult for good community effort and co-operation between the old established and
the new residents. The natural “intermingling” and erasure of prejudices both within and without the farm are gradually bringing about the acceptance of the Beechy Co-operative Farm as part of the Beechy Community.

Turning now from the broader social aspect to the social development of the members of the Beechy Co-operative Farm we must remember that there were twelve conflicting personalities trying to adjust themselves to one another. Students of group development all over America readily admit that co-operative farmers have many more difficulties than do groups in ordinary society due to the face of the “oneness” of their activities. On a co-operative farm, they must adjust or continue to conflict. After four years of adjusting and experimenting, the Beechy Co-op farm because split into two groups. Seven of the families remained in the present co-op farm and five of the families are now farming a portion of the land to the southwest of the block on an individual basis. Both groups appear to be happier under this arrangement.

The women played a far greater part in the development of the farm than is generally realized. They are the members who organize our social gatherings, smooth over a spat between the children. When the members become discouraged and lose sight of the over all goal it is often times the woman who encourages, sees the brighter side and gives the needed strength to progress.

Smith, Gary W. 1977. Production Co-operatives: Their Role in the Development of Rural Saskatchewan; B.S. in Agriculture Thesis; University of Saskatchewan; Saskatoon, Sask.

I believe that this paper has shown that production co-operatives accompanied with a reformed system of land tenure, could go a long way towards developing rural Saskatchewan.

It must be realized and remembered these coops are not a be all and end all in terms of rural development. There are many problems associated with production co-ops, many of them serious. But the point is that these possibilities as a tool for rural development are great enough to warrant the work and research that will be needed to overcome their problems and advance them to the position they should occupy in rural Saskatchewan.

As well the above paper only discussed the cost side of the cost-price squeeze which has been fatal to many Saskatchewan farms. The price side has to be worked on to if a stable, comfortable, population is to be kept in rural Saskatchewan.

I believe that co-ops could play apart here as well. One of the reasons farmers are constantly getting the short end of the stick is because they aren’t organized. The “rugged individual” syndrome has been, and will continue to be a problem for farmers in their bid for some sort of bargaining power in today’s society. Co-ops can only help to change the thinking of western farmers away from an individualistic outlook toward a co-operatively organized way of thinking which leads to the power necessary to have some say an some control over that which affects them.

Also many large agribusiness firms are growing larger and gaining power by vertically integrating into production units thereby lowering costs and increasing profits through precise market organization. There is no reason why farmers couldn’t vertically integrate from a co-operative retail store to the farm and in this way offer competition to the large corporations and keep some of the profits they would otherwise have for their own. This type of organization would need a co-operative philosophy and co-operative way of thinking, which would be greatly encouraged by the establishment of co-operative farming enterprises throughout the province.
The establishment of production co-operatives and the widespread public ownership of land would certainly meet with difficulties. Generations now have been influenced by the thinking of the European founders of this country who stressed individuality, free enterprise, along with the private ownership and competition which are associated with these concepts. The issue of public ownership of land would indeed be politically hot as can be observed by the current debate on the land bank and potash issues.

But I believe that the free enterprise, competitive system will continue to fail the small farmer. As costs rise and prices fluctuate uncontrolled by them, many small farmers will look elsewhere for solutions to their problems. If there are operations like the Matador to serve as models; if enough work is done to alleviate some of the social and managerial problems associated with co-ops; if an effort is made to educate people about co-operatives; and if legislation is enacted to encourage co-ops and the public ownership of land, then I have every confidence that production co-operatives will rise to the position they merit and thus become a strong force in the future development of rural Saskatchewan.


The adoption of the agricultural production co-operative approach to farming in Saskatchewan has been quite limited to date. The predominant approach continues to be single proprietorships, which the majority of operators in the province appear to prefer. Another important factor is the general lack of knowledge and uncertainty by farmers regarding the application of co-operative principles, practices and group decision making in agricultural production. In addition, the complexity of operating a large multiple operator farm business and the considerable uncertainty surround the income tax status of agricultural production co-operatives has likely tended to limit the establishment of co-operative agricultural ventures.

Co-operative farms and machinery co-operatives may be able to capitalize on the potential economic and social advantages of multiple operatorship units. However, as with all multiple operatorship units, asset organization, bylaw construction and operating arrangements must be very carefully set up and followed in order to avoid problems related to group management, taxation, member withdrawal, and dissolution.

Being classified as an agricultural “co-operative corporation” for tax purposes can be a considerable disadvantage if the following situations and practices exist: a) no provisions are made in the bylaws for the retention of earnings (beyond the six month statutory limit) or for the distribution of taxable dividends to shareholders on established share capital, b) a portion of annual earnings are retained and taxed at the corporate level, c) investment income is earned on retained earnings, d) capital gains are realized on co-operatively owned property, e) undistributed tax-paid corporate income and capital surpluses exist in the corporate structure.

Many of the unfavorable tax treatments which could result under the above conditions can be avoided or minimized if agricultural production co-operatives are set up to qualify as “small private Canadian-Controlled Corporations” or if all earnings are allocated to members annually.

Individuals contemplating a multiple operation should be careful to ensure that the type of business organization selected is suited to the economic objectives, and social and personal attributes of the potential participants. In this regard, various multiple operatorship approaches should be evaluated. In addition, the advice of specialists in farm management, accounting, and
law are important to the development and operation of a successful multiple operator farm business.

McGrath, Dion Gerald. 1996 A Challenge to Tradition: Co-operative Farming in Saskatchewan, 1944-1960; Masters of Arts Thesis, Department of History, University of Saskatchewan, Saskatoon

Co-operative farming in Saskatchewan during the 1940s and 1950s must, like any other program that suggested or provided an alternative to the traditional family farm, be examined in the context of the agricultural climate of the time. Saskatchewan agriculture was undergoing tremendous changes in the early 1940’s. Rapid mechanization, technological advances, and the labor shortage that occurred in the farming community, as a result of the war, were three reasons for the changes. Changes affecting agriculture produced changes throughout rural Saskatchewan that encouraged the experiment of the co-operative farm. New technology allowed many farmers to expand their operations, which enabled them to increase production. For those who could not afford the costs of increasing their land base and the equipment necessary to work the land, there were few options. The co-op farm offered a solution. It allowed farm operations to be carried out with a complete line of modern equipment; the loneliness and isolation were reduced or eliminated; and the costs of accessing modern conveniences were greatly reduced. The changes within the farming community produced and allowed for the experiment of co-operative farming in Saskatchewan.

The advantages of living on a co-operative farm were experienced by many people. The farms attempted to solve some of the problems that afflicted agriculture during an era of rapid mechanization, expansion of farm sizes, and a decrease in the farm population. The farms challenged a system that was operated in the interests of the individual; a system that was forcing many farmers off their land. The CCF and other organizations recognized the negative trend that beset the industry and looked for a reasonable program that could offer rehabilitation for rural Saskatchewan. Co-operative farming was acceptable to the CCF in its desire to build a co-operative commonwealth; it was also economically feasible for those just entering farming, and it seemed to offer a solution to some of the basic problems affecting agriculture. Co-operative farming was looked upon as an experiment that could reverse the trend of decreased rural population and farms.

Whether or not each farm was successful is not the main issue. There were, as noted, numerous difficulties, both internal and external, that worked against the farms and contributed to their demise. The importance of the co-operative farms that originated in Saskatchewan between 1945 and 1960 was that they demonstrated that an alternative method of agricultural production was viable, at least economically, if an effort was made to modify the established rules of the industry. They successfully illustrated that the economic and social problems associated with farming could be overcome by working and living co-operatively.

The impact of co-operative farms on Saskatchewan agriculture was minimal. The farms never gained popularity or recognition among the general farming community. The total membership did not exceed 200 and the number of individuals living on such farms did not surpass one thousand: insignificant numbers compared to the total farm population of 305,740 in 1960. However, co-operative farms did provide an alternative to the traditional method of farming and they demonstrated that the alternative cold work. The efforts by co-operative farms to change an agricultural system tailored to the individual were laded with difficulties. Conditions were not
always conducive for their development. Perseverance and hard work were required from everyone involved. Those that survived established a workable and rewarding method of living off the land.

*Dietrick, Lorne, 1988; Matador: The Memoirs of a Co-operative Farmer. Center for Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask.*

This is an engaging, first-hand account of the experiences of Lorne Dietrick, one of the founders of Matador Farming Co-operative. Part One discusses his early years through WWII; Part II features the founding and maturation of Matador Farming Co-operative; and Part III reviews the transfer of the coop from the founders to the next generation. Lorne was a true believer in the social and economic benefits of cooperatives and participated in the many phases and components of the cooperative movement in Saskatchewan, including the CCF, and in Canada as well as being a NDP Member of Parliament in Saskatchewan.

**Producers Cooperatives**


**Future Models for Worker Ownership in Agriculture**

Any model of worker ownership, especially a co-operative one that would arise in the agricultural sector, must take into account the historic trends that have marked agricultural development since the Second World War, that is ever-larger units of production and less labor. Coop farming cannot be given a mandate of repopulating a depleted rural society or rebuilding communities that have been destroyed by the marketplace, technological change, and urbanization. Its mandate must reflect these developments rather than struggle against them.

In Western Canada, where coop farms came into being, the factor-like operations of California agri-business do not exist. Instead the norm is the family-operated large-scale production unit with occasional seasonal help. With an ever-diminishing part of the gross domestic product and a workforce that is approaching five percent, farming does not hold the promise of employment for many. It is an industry for the few. Worker ownership using the co-operative model would have to be different in today’s economy. The concept of farming co-operatives or of production coops in agriculture does, nevertheless, fit the trend toward larger and larger units of production. Large-scale farming would fit a worker coop model. A worker coop with a dozen members could farm 20,000 acres and it would still have the membership size of the earlier coop farms.

Secondly, the continued bankruptcy of farmers provides a pool of recruits for cooperative farming ventures. Currently, government agencies for co-operative farming are willing to lease the land back to them. This could be done for a coop operation as well.

Thirdly, the small business model of enterprise that is the norm for worker coops in Canada is already established in agriculture, where the producer is viewed as a small businessperson with an incorporated company.

For these factors to come into play, there must be deviations from the historical model created by coop farms in Saskatchewan. First, the community-life aspects of the early coop
farms must be considered an option rather than an essential feature. Should the coop farmer wish to reside in a town and commute to work, this possibility should be accepted. Second, the vagaries of agricultural production and commodity prices are such that farm production on its own is insufficient to guarantee economic viability for a worker coop in agriculture. The new coop farmer must give up the rigid division between worker and farmer that has existed traditionally and be prepared to create an agro-industrial business.

Finally, the issue of land ownership and land cost should be removed from coop farming. The upfront capitalization presently required to start p in farming is prohibitive. Only with the existence of special programs that provide land on a long-term lease basis will co-operative farming be economically viable. The free land made available to veterans and the Saskatchewan Land Bank are examples of the importance of special programs in this sector of the economy.

Even with these reforms, a future worker coop movement in agriculture will require a process of legitimization through some recognized and respected second party such as government, church or labor. It will also require financial, legislative, and regulatory support both in the start up phase and during periods of crisis. But the main factor in the building of a new model of coop farming is how economically attractive it is to its potential membership. Involvement in coops has always resulted from an economic carrot. Only a model that offers real and substantive benefits can hope to survive.

At present the factors that would support coop farming do not exist. With the exception of the forestry sector, the worker coop model is currently on the edge of agriculture but has not yet penetrated it. The experience of coop farming in Saskatchewan cannot help but spark interest in the past and reflections on future possibilities. Should the worker coop sector become a significant reality in Canada, then there is no doubt that it would welcome an expansion into agricultural production. When that occurs, the coop farms of Saskatchewan will not be forgotten.


In general, and by various measures of socioeconomic performance, it is production cooperatives (PCs) in the most cooperative grouping – plywood, shingle, and cooperage clusters – that performed the best. Moreover, the available evidence on socioeconomic performance is broadly consistent with key features and predictions of Bernstein’s and Vanek’s models. However, we are not persuaded by the American experience that either of these models constitutes a necessary and sufficient set of conditions either for the maintenance of workplace democratization or for efficient labor managed firms. The experience of American PCs suggest that in seeking optimal forms, theorists begin by integrating the findings of Vanek and Bernstein. The new model could then be expanded to include factors necessary for the subsequent maintenance of workplace democratization or efficiency in labor managed firms, such as smallness, institutional assistance, and leadership. Some contextual/environmental factors might also be included. In this regard the American experience, wherein even the seemingly most successful PCs have eventually succumbed, suggests that institutional assistance and support from an agency or (an) individual(s) outside the immediate PC may be of prime importance in sustaining workplace de-
mocratization. The development of a satisfactory model in the future clearly requires additional research on past and present PCs within and without the United States.


Our results indicate that the productivity effects of various forms of worker participation differ markedly from one institutional setting to another. However, in general they support the prediction that the overall effect of the various participatory schemes observed in Western producer cooperatives is positive. In the OLS regressions, the positive effect is found most uniformly with respect to profit sharing and, to a slightly lesser extent, to individual capital (share) ownership by workers and participation in decision-making as measured by the proportion of workers who are members. Individual worker loans to the coop are not related to performance while collective capital ownership exhibits an insignificant or negative productivity effect. In Italy and in the United Kingdom, where suitable instruments are available, the IV estimates strongly resemble heir OLS counterparts. In France, where the predictive power of the available instruments is low, the IV results differ from the OLS ones and the IV results highlight the positive productivity effects of worker participation indecision-making and of individual capital ownership by workers.

Our general findings thus support the proponents of participatory schemes rather than their critics. The results suggest that, if higher productivity is the goal, PCs should provide for substantial sharing of profits and capital ownership by individual workers together with worker participation in decision-making. Collective ownership of assets ought to be avoided unless considerations other than productivity strongly justify its existence.

These broad policy conclusions must be tempered by the acute need for additional empirical research in this area. The comparative nature of our sty highlights the diversity of findings across countries and economic sectors. The fact that the estimated effects are very significant in Italy and France and relatively insignificant in the United Kingdom points to the desirability of performing future analyses of the relevant institutional factors that differ considerably across the individual settings. We hope that our attempt to identify some of these factors in section 2 of this paper are helpful in this future effort.

Informal Labor Sharing


In the past, social exchange based on reciprocity has been important to the ways in which people in rural areas have made their living. Our study shows that contemporary reciprocal labor exchanges continue to be integral to the ways in which households sustain themselves economically and socially. However, unlike the relations of reciprocity of the past, which were based upon accomplishing harvest work among neighboring diary farms, the current patterns of ex-
change are situational and contingent, and often embedded in kin and other social networks, rather than immediate neighbors. Understanding reciprocity reveals a fundamental element in the livelihood strategies of low-income, land-based rural people.


In this paper we examine the social implications of a pattern of labor exchange which existed among dairy farmers in the American Northeast from approximately 1900 until the early 1960s. Labor exchanges were an important aspect of the social organization of farm neighborhoods in the past, and that the implications of this paradigm shift should not be lost in discussions of alternative futures for farming in the United States. While the current organizational model of dairy farming is dominated by a belief that American agriculture should aim to produce as much food as possible at the lowest cost, some new producers are entering the farm scene with the explicit goal of re-establishing family sized farms and rebuilding local communities.

This new agriculture is taking several forms. The unifying theme in all these efforts is to establish a more locally focused food and agricultural system and to nurture the social networks among local farmers and consumers. This means moving from an organizational paradigm which is consistent with the realities of global competition, to one that fosters cooperation and mutual support. We believe that a system of agricultural production that relies as much on cooperation and mutual support as economic competition is not only practically possible, but that it is, in fact, a cultural antecedent of the dominant mass production system of the modern dairy industry.

To illustrate our thesis, we show how social exchange is a necessary and beneficial corrective to the neoclassical, market-driven framework generally assumed to characterize the current situation, and most typically used as blueprint for the future of agriculture. We focus on the role of regularized labor exchanges, which existed in most dairy farm neighborhoods from the early 1900s until the late 1950s. Understanding regularized labor exchanges serves several functions. First, it provides a lens through which the social development of modern farm culture is clarified. Second, it enlarges our understanding of how social exchange serves as a fundamental building block of the rural community. And finally, it opens up new organizational possibilities for the development of farm communities in the future.


As a result of these problems associated with high machinery costs, farmers in the United States are examining group farming arrangements that permit them to share machinery and labor. While group farming arrangements are more frequent elsewhere, they are infrequent in the United States. The purpose of this research was to determine which social, cultural, economic and farm structural characteristics influence farmers to support sharing machinery or labor. The results of the one-way analysis of variance indicated that those who rent more land, have more education, are slightly older, and are more involved in cooperatives would be more willing to share machinery or labor. In a discriminant analysis, only education and cooperative involvement had any power to classify farmers into those willing and not willing to share machinery and
labor. Finally, in a logistic regression procedure, only acres rented, education, and cooperative involvement significantly predicted willingness to share labor or machinery.