

## APPENDIX No. 3

co-operative dairy association in this country. They are more or less joint stock companies.

*By the Chairman:*

Q. Have we not in our province any established on the co-operative principle?—  
A. The most of the cheese factories in the province of Quebec.

Q. But speaking generally?—A. They contain the germ of the co-operative idea in as much as the farmers consent to bring their milk to one point to have it manufactured.

Q. And they are entitled to so many pounds?—A. What it makes. There is a little difference in the plan followed in different localities. In some parts of the province of Quebec the man who owns the factory gets a percentage of the price for manufacturing it. In other parts of Canada, and that is the general rule, he gets a fixed price for manufacturing. That is the only co-operation there is in cases of that kind.

*By Mr. Smith (Nanaimo):*

Q. The capital of the institution is collected?—A. It is provided by the man who owns the factory.

*By Mr. Monk:*

Q. The farmers do not own the factories?—A. In some cases they do. There are some truly co-operative factories, but there are a great many that are purely joint stock companies. The share capital is held by men who do not send any milk to the factories, and they are not strictly co-operative. If the committee would like, I would be glad to give some information that I have concerning co-operation in Denmark and New Zealand where I have been and looked into these things to some extent. I suppose you have all heard it stated that co-operation is the basis of the success of agriculture in Denmark; there is no question about that, I think. Their progress dates almost from the time that co-operation was introduced into agriculture there. I am more familiar with the results than with the methods, but I think there are a few underlying principles in the co-operative societies of Denmark which are well worthy of being looked into. They started first with co-operative creameries in 1882, and now there are over 1,100 purely co-operative creameries in Denmark. In addition to that there are about 200 privately owned concerns. Then followed the co-operative bacon factory which has been a tremendous success; over half the bacon factories in Denmark are purely co-operative. The capital of some of these co-operative bacon factories amounts to nearly \$100,000, and there is one amounting to \$400,000. Now, the peculiar thing about this capital is that there has never been a dollar of share capital subscribed. There is no share capital in any of the co-operative institutions of Denmark. The members form an association—they bind themselves in the case of a dairy factory to supply all their milk to that factory, and they each and all become jointly responsible for a loan from the bank to start with.

*By the Chairman:*

Q. Is there any limit to the shares of any of the shareholders?—A. In some cases there are limits, I think, but the responsibility is distributed according to the amount of milk that a man furnishes to the dairy factory or according to the number of pigs that he supplies to the bacon factory. Of course the banks have great confidence in this method of carrying on work, or they would not give the money. The farmers can form a co-operative society in Denmark to carry on work, and the bank will furnish every dollar required to pay for the plant, and the working capital in addition.

Q. It has been a success?—A. A tremendous success. So much so that the agricultural exports of Denmark amount in round figures to about £20,000,000 sterling per year, and £14,000,000 sterling of this sum come from co-operative societies. When