

## APPENDIX No. 3

I have had considerable correspondence with the Rev. Samuel F. Wilson, North-east Morgan, C.B., regarding the organization of business along the lines of the Elmsdale business, there. In his last letter he informed me they were about taking steps in that direction. I have endeavoured to give Mr. Wilson some knowledge of the Denmark Agricultural Co-operation, and I have no doubt but if they get started he will give the business that direction.

I am glad to furnish the department with the foregoing information. If there are any points I have overlooked or failed to make clear, kindly consider me still at your service

Yours truly,

(Sgd.) A. M. McMULLAN.

P.S.—The Amherst Co-operative Store is in its initial stage. Its membership is 70. It is run on the principle of the British co-operative stores. The store is well patronized. H. R. Keith, manager.

I think that letter is instructive as containing points that should be noted in any legislation furthering the co-operative movement. Reference frequently occurring to the failure to provide reserve funds and such like is a matter which shows, of course, the necessity of watching that point in connection with any society starting business under a Dominion Act.

Mr. McMullan refers to the Sydney Co-operative Store having been started as an outcome of the Sydney strike. Perhaps the committee will permit me to say just a word or two in regard to that store, as it indicates wherein the co-operative movement has a bearing upon the labour question in reference to the possible conflicts between labour and capital. I was looking into the cause of the trouble between the Steel Company and its employees at Sydney prior to the time at which this store was started. Mr. Wherry, who is referred to there, was a leader of the men on strike. It was perfectly apparent from the conditions, that the men could not hope to get any great increase in wages. The strike, it seems, was brought on at a time when the cost of living there was high and when the men, from the wages they were receiving, could not enjoy comforts to any extent. I made a suggestion to them—to the company and to the men—that the difficulty might in part be met were an effort made in a co-operative direction; the company assisting the men in getting coal at a reduced rate, the men starting a store whereby they could purchase some necessaries themselves, and instead of all the profits going to dealers, they would be able to make a small saving on their purchases. They seemed to think that the idea was a good one and wrote for information. The department sent some books on co-operation, and Mr. Wherry has since written me that the society has been doing, although on a limited scale, good work and has been really the means of helping the workingmen to appreciate the difficulties of the capitalist, as well as a means of enabling them to meet some of the difficulties with which they had to contend themselves. There is that great feature, it seems to me, in connection with co-operation which makes it specially important in considering the relations of labour and capital. It teaches the working classes something of the responsibilities of capital, the risks that capital has to take: it familiarizes them with matters of trade, the kind of management that is required, the kind of skill that is necessary to enable business to be carried on profitably and satisfactorily; it teaches them the possibility of the losses of stock through fire, and the like, and also the difficulty of retaining customers. In every way it is as educational as it is possible for a movement to be, and naturally, when workingmen come subsequently to deal with an employer and he begins to explain matters of this kind to them, they have an intelligent appreciation of what he is endeavouring to convey.

I think in that way the movement is decidedly helpful as a means of solving industrial conflicts, and of course, where the movement is carried out on any great scale and the men themselves are shareholders in the industry, the reason for striking is entirely removed: they have to face the question of profits, and they look at the