

## APPENDIX No. 3

*By the Chairman:*

Q. We have, for instance, mutual insurance companies?—A. We have for fire and life, but we have not for cattle, for example. You have, I dare say, a wealth of over \$260,517,000 of cattle in the country—including only horses, milch cows, other horned cattle and pure-bred stock, exclusive of other farm animals—according to the last census and it must be much more than that now—yet there is no insurance to any appreciable extent that I know of carried on that wealth. Why should the cattle of the farmer not be considered as much wealth to be protected by insurance, as the boots and shoes of the manufacturer, for instance, in a store. Later on, I hope that that question will be taken up.

So far as the loans are concerned, I would like to draw the attention of the committee to these articles of our by-laws. The following qualities are required of each shareholder:—

'1. He must be punctual in his payments, sober, of good habits and be honourable above suspicion.'

Q. Where is that?—A. That is article 11, page 5.

'2. He must be industrious and laborious.

'3. He must be scrupulously honest.

'Article 12.—The following qualities are required of every shareholder who borrows from the association:—

'1. He must be in good standing with the association.

'2. He must have repayed all previous loans; not be in arrears in the repayment of a current loan or of the instalments due by him.

'3. His endorsers or sureties must not have been called upon to pay on his behalf.

'4. He must be scrupulously honest, industrious and punctual in his payments.'

You will see from these rules that we are not exactly in the presence of an ordinary loan association, who do not care but for the material sureties they have for their loans. We are almost a school of honesty. Under the system of co-operation this has always been so. Even in the co-operative stores bad characters have never been freely admitted that I know of. They have refused positively, in a great many cases to admit bad characters in a locality.

*By Mr. Gervais:*

Q. As a matter of fact, five or six co-operative societies have started in the last twenty years in the city of Montreal, and have always come to wreck?—A. Yes, because they were not genuine co-operative societies, if you would allow me to say so. They were so in name, but not in fact.

*By Mr. Smith (Nanaimo):*

Q. They were evidently badly advised?—A. Yes.

*By Mr. Bourassa:*

Q. Under the pretence of co-operation?—A. Yes. There is one in Chicago now that is doing a million dollars worth of business under the co-operative name. I had the advice of such an eminent authority as Henry W. Wolff, of England, upon it, and it was pronounced to be what it is in reality, a purely speculative or industrial concern, alluring the public with the mere word of co-operation.

*By Mr. Gervais:*

Q. You will have to teach the directors of your societies to be marvellously honest?—A. Of course, honesty is necessary, and I hope there are honest men in Montreal. The articles that I have just read show the qualities required of shareholders. I will now quote article 32, which gives the causes of expulsion of a member, which confirm the two other articles in a striking manner:—