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shares at at least one dollar, it directly bars out one most useful and promising class of co-operative societies of this sort, namely, societies of the Raiffeisen system, which have proved an unmistakable benefit to rural districts in Germany, Austria, Hungary, Italy, France and other countries; in fact, all over the continent, where they exist by the thousand, as well as already in Ireland and in India, showing themselves perfectly safe and great promoters of thrift, and in which unlimited liability is indispensable and shares are often altogether dispensed with. We now have to form such societies under the Friendly Societies Act, because that alone permits unlimited liability. The Industrial and Provident Societies Act excludes it. But we find the inconvenience very great, because the Friendly Societies Act was really intended for a very different purpose. Why will you nevertheless place yourselves in the same embarrassment as ourselves? There is absolutely no reason why a co-operative Act should not permit both limited and unlimited liability, just as the Companies Act has a Table A and a Table B. The late Chief Registrar of Friendly Societies in this country, Sir E. Brabrook, is at one with us on this point.

I have nothing to say against the power which your Bill claims for inspection of societies, except that clause 15 (1) appears to withhold the right which clause 15 (3) explicitly confers upon the society, to appoint its own inspectors, and that nothing is said about the general inspector being pledged to secrecy with regard to deposits, which must necessarily be kept secret, or there will be no thrift. A passage providing for this might easily be inserted, and in clause 15 (1) the words 'or the rules' might be added after 'except as provided by this Act.'

There seems a contradiction also in the provisions of clauses 16 and 26 relating to general inspection, to be carried out on the application of members. Clause 16 gives the right of calling for such inspection to 'ten members.' Clause 26 to 'one-tenth of the whole number of members.'

There is much more to be said about the provision proposed in respect of compulsory winding up and the retirement of members. The Bill, in my opinion, quite unnecessarily introduces the subject of 'capital of the society,' and requires that upon such capital being reduced, for any reason, below the original amount (as well as upon the number of members dwindling below 12) the society is *ipso facto* to cease to exist. Prima facie this seems reasonable. But, in truth, it is not so, especially in view of the right given to members to retire, and—provided that there is a certain minimum amount of reserve fund accumulated—thereby instantly to wash their hands of all liabilities incurred at any moment. Even if there should be no reserve fund present of the amount specified, retiring members become liable for one year back (that is right enough) only in the event of the society being wound up. I do not see what business the mention of capital has at all in the registration of an industrial and provident society. It is in place in the registration of a joint stock company, which is a union of capitals. A co-operative society is a union of persons. Its capital necessarily must vary. As French legislation explicitly recognizes in dubbing it a 'société à capital variable.' If accordingly a declaration is deemed absolutely necessary under schedule D, it ought to say not 'capital,' but 'present capital.' It is perfectly conceivable that a co-operative society may form with a comparatively large capital. I know societies that have done so, which might by retirements occasioned by a difference of opinion or from some other cause, come to be reduced, though still remaining sufficient for the society's purpose. Why compel such society to be wound up?

The persons above all others to be considered in this connection are those who have trusted the society with money. You have no right to reduce their security. It may well be that secessions—to which your Bill gives an absolute right—may to such an extent weaken a society as to place an excessive burden upon the instaying members and render it unable to face its creditors, even though it linger on for more than the year stipulated for in your Bill. You must in fairness, at any rate, allow co-operative banks to do what well-conducted co-operative banks in Europe, as a mat-