

APPENDIX No. 3

Mr. G. H. PERLEY, M.P., called by consent, and examined.

By the Chairman:

Q. You are in the lumber business?—A. Yes.

Q. And you are a bank director?—A. I am a director of the Bank of Ottawa.

Q. And you are a director in more than one bank?—A. Only in one.

Q. Have you examined this proposed legislation, and if so, will you state to the committee whether, in your opinion, it will be beneficial to the people at large, and if the provisions of the Bill meet with your approval?—A. I may say, Mr. Chairman, that I am here as an individual to give my own personal views on the matter, as the mover of this Bill, Mr. Monk spoke to me several times about it. I read the Bill over carefully for the purpose of seeing whether I could make any suggestions to better it. I may say that I have no experience myself of the co-operative movement, but it is quite apparent from the evidence which has been given before this committee that it has been productive of great good in many countries. I listened the other day very carefully to what His Excellency had to say, and there seems to be no doubt that this movement would be for the benefit of the people of this country. I simply wish to criticise a few details of the Bill and more particularly that part which has reference to the carrying on of a banking business.

Q. What part of the Bill is that?—A. The clauses with reference to the banking business.

By Mr. Sinclair:

Q. What clauses?—A. I will refer to them later on in detail. First let me say that I notice subsection *a* of section 3 provides: (Reads): 'No member other than a joint stock company, an agricultural association existing under the laws of Canada or some province thereof, or a municipal body, shall have or claim any interest in the shares of the society to an amount exceeding five hundred dollars.' Now, I certainly think it would be a great mistake to draw a distinction between an individual and a company in connection with the amount of stock that they are free to hold. If the amount is to be limited to five hundred dollars it should apply to everybody. On looking over the Bill I see no provision that there shall be only one vote for each shareholder. I understand that is one of the basic principles of co-operation and I certainly think it ought to be put in the Bill that each shareholder should have one vote, irrespective of the amount of his holding of shares. If that were provided for, the limit as to the number of dollars which a person could put in might be struck out and it would be permitted that a person or corporation should have as many shares as they wished. There are provisions for the winding up of the society in subsection *e* of section 33. It seems to me that this clause ought to be more carefully drawn. Under it, if the society has a certain reserve, any shareholder can withdraw at any time and he shall not be at all liable in connection with the company from the moment of his withdrawal. Now, under this clause the directors of a society which was in trouble, even although it nominally showed a reserve to the legal amount provided for, could withdraw at one moment's notice and thereby relieve themselves from every possible liability in connection with their shares. Now, that certainly is not fair or proper and might lead to great abuses. Another thing I notice is that the Companies' Act, as I understand it, would not apply to a society of this kind. Now, supposing the directors were to declare dividends that had not been earned. Are they to be punished for that under this Bill?

Mr. MONK.—It is the general meeting, in the case of co-operative societies, that declares the dividend.

Mr. PERLEY.—It is declared at the general meeting?

Mr. MONK.—Yes, sir.

The CHAIRMAN.—Is there a clause to that effect?