

LEGISLATIVE COUNCIL.

FRIDAY, 23rd APRIL, 1948.

The Council met at 2 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., President, in the Chair.

PRESENT.

The President, His Excellency the Governor, Sir Charles Campbell Woolley, K.C.M.G., O.B.E., M.C.

The Hon. the Colonial Secretary, Mr. W. L. Heape, C.M.G.

The Hon. the Attorney-General, Mr. E. M. Duke (acting).

The Hon. the Colonial Treasurer, Mr. E. F. McDavid, C.B.E.

The Hon. F. J. Seaford, C.B.E., (Nominated).

The Hon. Dr. J. B. Singh, O.B.E., (Demerara-Essequibo).

The Hon. T. Lee (Essequibo River).

The Hon. V. Roth (Nominated).

The Hon. C. P. Ferreira (Berbice River)

The Hon. T. T. Thompson (Nominated).

The Hon. D. P. Debidin (Eastern Demerara).

*The Hon. J. Fernandes (Georgetown Central).

The Hon. Dr. C. Jagan (Central Demerara).

The Hon. W. O. R. Kendall (New Amsterdam).

The Hon. C. A. McDoom (Nominated).

The Hon. A. T. Peters (Western Berbice).

The Clerk read prayers.

Minutes of the meeting of the Council held on Thursday, 22nd April, 1948, as printed and circulated, were taken as read and confirmed.

PAPERS LAID

The COLONIAL TREASURER laid on the table the following document:-

Minutes of the meeting of the Finance Committee held on Thursday, 8th April, 1948.

ORDER OF THE DAY

CO-OPERATIVE SOCIETIES BILL, 1947

A Bill intituled "An Ordinance to provide for the formation and to regulate the operations of Co-operative Societies."

The ATTORNEY-GENERAL: Sir, in view of the debate which took place yesterday it is unnecessary for me to say very much on the subject of this Bill, because it is clear that the majority of this Council at any rate agrees with the principle of this Bill, therefore I shall only go through certain clauses of the Bill in order to explain, as best I can, some of the clauses of the Bill which are of some importance. A very important clause of this Bill is clause 36 in Part VI of the Bill, which confers power on the Registrar of Co-operative Societies to inspect a society's books, and a very important part of that clause is that the Registrar shall be entitled to inspect the cash in hand. In clause 37 the Registrar is given power of his own motion to make an inquiry into the affairs of a registered society. I can say that when I was known as the Registrar of Friendly Societies I was on many an occasion very sorry that I did not have the power, in my capacity as Registrar, to order an inquiry, of my own motion, into the affairs of a registered friendly society, but in this Bill power

is sought to be given to the Registrar of Co-operative Societies to have an inquiry made of his own motion.

Another clause to which I would like to invite attention is clause 21 in Part IV of the Bill which says:

"21. In order to be qualified for membership of a co-operative society a person, other than a registered society, must—

- (a) have attained the age of sixteen years; and
- (b) resident within or in occupation of land within the society's area of operations as described by the Rules."

It is considered that persons who are of age to work for themselves should have an opportunity to become members of a registered society. Paragraph (b) of this clause ensures that persons who are members of a particular co-operative society should be persons who should reasonably know each other and know about each other — about the personal merits of each other, because it is by knowledge of those attributes that the society will best be able to carry on its functions satisfactorily.

Then there is clause 27 in Part IV of the Bill which provides that no member, other than a registered society, shall hold more than one-fifth of the share capital of any co-operative society. This is to ensure that a co-operative society shall not be dominated by any particular person. The expression "co-operative society" is not defined in clause 2 of the Bill, and for a very good reason. The term "co-operative principles" is also not defined in clause 2, and the reason for that is that co-operative principles are a growth— they are growing from day to day—and the expression "co-operative principles" in clause 4 of the Bill, where I think it appears for the first time, should be construed as meaning principles which are regarded by those who know the subject as co-operative principles, and those principles may be modified as time goes on. That is why it is not attempted to define the expression "co-operative principles," or the expression "co-operative society".

Clause 4 says:

"4. Subject to the provision hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Ordinance with or without limited liability as the Registrar may decide."

Clause 7 of the Bill provides for an appeal from the decision of the Registrar to the Governor in Council against the refusal of the Registrar to register any society. There has been some concern with respect to clause 4 of the Bill so far as it relates to the registration of a society with unlimited liability. I do not profess to know very much or anything about the practical application of co-operative principles, and if it becomes necessary I would ask that the Social Welfare Officer, Mr. Bayley, be permitted to explain the principles of unlimited liability to the Members of this Council, because he has had much practical experience in the subject whilst I for my part have never read any literature on the subject.

I would like to invite the Council's attention to clause 57 of the Bill which in its present form provides for the exemption of a registered society from payment of income tax. In Committee I will ask that that clause be amended to provide that

"The Governor in Council may from time to time, and for such period as he thinks fit, by Order exempt any registered society or class of societies from payment of income tax under any income tax ordinance for the time being in force in the Colony."

That would ensure that relief is granted in cases where it is deserved, and relief would not be granted in cases where relief from income tax is not required in order to further the interests of a society. At the present time there is an Ordinance in force called the Industrial and Provident Societies Ordinance, 1931, under which I understand that societies which are said to be co-operative are at the

present time registered. It is not the intention at the moment to repeal that Ordinance, but provision is made in this Bill by clause 52 whereby an industrial and provident society which is registered under the Industrial and Provident Societies Ordinance may be converted into a society registered with the Registrar of Co-operative Societies.

In Committee it is proposed to add a clause to the Bill, which will be clause 61, to provide that after the commencement of this Ordinance no society shall be registered under the Industrial and Provident Societies Ordinance. The reason for that is that it is not right that there should be two Ordinances relating to the same subject matter, and that although it would be open to a society which is registered under the 1931 Ordinance to continue registration under that Ordinance, it is not considered right that there should be any further registration under that Ordinance. This Bill has special safeguards with respect to the due and proper management of registered co-operative societies, and the Registrar of Co-operative Societies will be some person who knows something about the subject, whilst on the other hand the Registrar of Industrial and Provident Societies is the Registrar of Deeds. I happened to be Registrar at one time, and I can assure hon. Members that I had absolutely no knowledge of industrial and provident societies. It is far better that these societies should be placed under the control and sympathetic guidance of somebody who knows something about them.

I do not think it is necessary for me to say anything more in view, as I have said, of the debate which took place yesterday, and I now move that this Bill be read a second time.

The COLONIAL TREASURER seconded.

Mr. ROTH: Does this Bill include what are known as burial and friendly societies?

The ATTORNEY-GENERAL: Nowhere is it stated in this Bill that the

Friendly Societies Ordinance is repealed.

Mr. DEBIDIN: May I be informed how many societies are registered under the Industrial and Provident Societies Ordinance of 1931, and how many under the Friendly Societies Ordinance?

The ATTORNEY-GENERAL: I understand there are about 19 societies registered under the Industrial and Provident Societies Ordinance. As to whether they are in actual working operation I am unable to say. This Bill does not deal with friendly and burial societies; it deals with other societies.

Mr. DEBIDIN: I would welcome the suggestion of the hon. the Attorney-General that the Social Welfare Officer should be permitted to give an explanation of clause 4 of the Bill, because it seems to me that in dealing with co-operatives we are going the whole way, and this does seem to indicate that they will be very large undertakings with almost unlimited scope. So much so that I can see in some of them undertakings such as would come under the Companies (Consolidation) Ordinance. For that reason I would like to know more about clause 4, because it seems to me to be optional to a co-operative society to be registered with limited or unlimited liability. In my opinion it seems that it would create confusion, but I would like to know something of what is meant by "unlimited liability" and what is meant by "limited liability"—whether it is the same as companies registered under the Companies Ordinance. At the same time I would like to know whether it is optional for a set of people carrying on a co-operative society to register under this proposed Ordinance, at all, and where they are registered under this Ordinance, whether any member would be free to dispose of his profits to anyone else, or through the channel of the co-operative society?

The ATTORNEY-GENERAL: With reference to the point raised about unlimited liability, as I have said before, Mr. Bayley might be asked to give that information.

The PRESIDENT: We will deal with that point when we reach the particular clause.

The ATTORNEY-GENERAL: There was another point raised by the hon. Member for Eastern Demerara (Mr. Debidin). He wants to know whether this Bill provides for compulsory registration. It certainly does not, but if a society does not register under this Ordinance the members of that society would not be entitled to the benefits of the Ordinance, or to the guidance and help of the Registrar of Co-operative Societies. The hon. Member also wants to know whether a member of a co-operative society would be bound to dispose of his produce through the society, or could deal with non-members. That surely would be governed by many considerations, as for instance the particular class of co-operative society to which the person belongs. It is not possible to answer that question because everything depends on the nature of the society and the rules of the society.

Mr. DEBIDIN: It is really a clarification of clause 13 I was asking for.

The ATTORNEY-GENERAL: That is exactly what I said; everything depends on the nature and objects of the society.

The PRESIDENT: I take it that if a member does not comply with the rules of the society then out he goes. It is essentially co-operation, and any member of a society who does not literally co-operate must leave the society. I think it is absolutely a matter for the members of a society and the rules they make. If you join a society you must abide by its rules. I think the position is quite clear.

Mr. DEBIDIN: I would like to make clear what is at the back of my mind. Let us take the milk situation. There may be a marketing co-operative in connection with milk, and a member of the society may wish to sell part of his milk to a relative or friend within the society's area. In view of clause 13 (1) (a) he would not be able to do so.

The ATTORNEY-GENERAL: To a point of correction. I think I had better read the whole of clause 13. Probably the hon. Member has not read it. It says:

"13. (1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise may provide in its Rules or may otherwise contract with its members—

- (a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged, in such manner as may be prescribed by the Regulations to be guilty of a breach of the Rules or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid Regulations.

(2) No contract entered into under the provisions of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade."

The PRESIDENT: Does any other Member wish to speak?

Mr. FERNANDES: I would like to know whether it is the intention of Government to use this single Bill to cover all sections of co-operatives, because in most of the Colonies near to us — in Jamaica, British Honduras, and Trinidad—it has been found necessary to have credit unions governed by a separate Bill. I would like to know whether you, Sir, can give us the assurance that as soon as the Registrar comes that matter would be gone into and a separate Bill for the control of credit unions put forward, because credit unions are going to be one of the particular types of co-operatives operating here and it would be very difficult to control them with just an ordinary composite Bill. I have handed the Attorney-General a copy of a Bill that was about to be put through in Jamaica and I do not know whether it has gone through as yet, but one was recently passed in British Honduras and

I understand there is going to be a similar one in Trinidad also. If the assurance I would like to have is given, then most of the clauses in the present Ordinance can remain as they are.

The ATTORNEY-GENERAL : The Rules which it is intended to make under this Bill would, in fact, provide for the regulation of credit societies. I may point out that we are now just at the threshold of a new era and if circumstances arise in which it is necessary to have a separate and independent Bill to regulate credit unions, then that could be done later on, especially after the Registrar of Co-operative Societies has arrived. At the present time, however, there is sufficient to provide for the functioning of credit societies. Later on it may be found that it is better to have a separate Bill, but I would suggest that it is better to leave that over until after the Registrar arrives in the Colony and starts to function.

Mr. FERNANDES: The Rules relate to Regulation 51.

The ATTORNEY-GENERAL: Yes, these Rules were annexed to a despatch from the Secretary of State dated April 23, 1946, and they were published for general information.

The PRESIDENT: I think I made it quite clear yesterday that the forms of co-operation in one place might very well be different in another and I shall not be surprised myself if after the Registrar has been here for some time and studied local conditions a good many amendments to this law are found to be necessary. I think myself we shall find that certain types of societies develop much more rapidly than others. I was very glad to hear from the hon. Member who last spoke that he sees prospects of real credit societies growing up here. That is the whole basis of co-operation and I myself would be very pleased if what he thinks does in fact take place. I think that is the best form of society — the very best and not only the best but the easiest — because it has not got all the difficulties of the other societies which, as I have said, would require more manpower.

Dr. JAGAN: I do not wish to oppose this Bill but I would like to make a few observations. When I perused this Bill I noticed that the Registrar would be given what seems to me to be unlimited powers. Well, Sir, British Guiana has had very sad experience in many Departments of people who have very wide powers, but I feel that if we get a Registrar who is really sympathetic towards the co-operative movement with the wide powers which this Bill would give him, it would be very good for the movement as such. But, on the other hand, I am aware of the fact that many individuals come to British Guiana and that some of them come with good intentions but those intentions change after they have got here. I do not know if the climate or the environment in British Guiana has anything to do with that. Other individuals with good intentions come out here and get frustrated, so I am wondering whether the Registrar who is about to come here and would have all the powers contained in this Bill will be a benevolent dictator who would develop the co-operative movement in British Guiana. I have read the directive from the Secretary of State on the development of Co-operatives, and if I may be allowed to quote from the Trinidad newspaper, *Vanguard*, dated August 16, 1947, the 10th paragraph of that directive states :—

“10. I do not suggest that those Dependencies in which a satisfactory Co-operative law is already in existence should immediately amend that law to bring it into line with the model ordinance, but I hope that the model ordinance and rules will provide suggestive ideas and a useful guide where no satisfactory Co-operative law is yet in existence or when it is felt that some amendment of the existing law or rules is needed.”

I have before me the rules of the Co-operative Wholesale Society of Great Britain and, as many hon. Members are probably aware, this is one of the largest societies of its kind in Great Britain. It is incorporated under the Industrial and Provident Societies Act of 1898, and I take it that our Industrial and Provident Societies Ordinance of 1931 was taken in some measure from this Act. I do not see the need for this Bill at present when we have one under which a co-operative movement can be developed if there is the

will. Yesterday I took great pains to show that the movement should progress under this Ordinance, provided the consumer stores are given quotas and import licences. I asked for an assurance in this respect but that assurance was not given to me, therefore I would like to ask today — and I do not know whether the Attorney-General or the Colonial Secretary would tell me — whether any new quotas and import licences would be given to the co-operative stores which may be set up in future. There is not much more I would like to say, but taking into consideration what Your Excellency has just said — that when the Registrar comes to British Guiana he would be able to recommend what form the co-operative movement should take here — I think that is a very good suggestion and that further consideration of this Bill should be deferred until he comes here and analyses the situation with the co-operation of the Social Welfare Department. After that has been done this Bill could be introduced and considered in detail to better advantage in this Council. As I see this Bill at present it will give the Registrar too many powers and I am not prepared to give him these powers until I am convinced that Government is sincerely interested in the development of co-operatives in British Guiana.

The PRESIDENT: Does any other Member wish to speak?

Dr. JAGAN: Can the Attorney-General or the Colonial Secretary answer my question — whether quotas and import licences would be given to consumer co-operatives set up in future.

The PRESIDENT: I do not think that import licences and quotas should come into this matter. They are temporary things — they are only to meet the difficult economic situation and I do not know that we should deprive other people of their very much reduced quotas and give them to someone else. I do not know that we should deprive anyone already established in business of quotas for his customers. If he has taken the trouble to import the stuff and has got his quota — and has had it perhaps for some years — we should take away from what he has got. I do not think that would

be very fair, but if any increase comes along I think the co-operative societies should come in. I do not think we can go quite so far as to deprive people who are at present getting limited quotas only. It is a matter of dealing fairly. This whole position of quotas and import licences is temporary and the sooner we get rid of it and get free trade the better. It is not a question that anybody importing would get a quota. We are in that very difficult position at the moment, but I am sympathetic towards these co-operative societies coming in for what they could. The matter has been under consideration for some time by Government to see what we can do to help these societies. There is another point which I must mention and that is, if quotas and import licences are taken away from others, people would flock to the co-operative societies just to get a particular article — you can call it what you like — it may be coconut oil or anything else. They would say “Oh yes, we would become members of the societies because we know that we would get quotas from Government.” then, later, they would drop the societies. You do not want people to come in just to get a temporary advantage and then clear out later and go elsewhere. When that sort of thing happens that is where you would lose your grip on co-operation and on your societies. There are a good many people who, I know, would come in just to get hold of quotas if Government say they would issue them to these societies and deprive someone else. I hope the hon. Member would appreciate that it is not quite so easy a matter.

Motion put, the Council dividing and voting as follows:—

For: Messrs. Mc Doom, Kendall, Fernandes, Peters, Thompson, Roth, Ferreira, Dr. Singh, Seaford, the Colonial Treasurer, the Attorney-General and the Colonial Secretary — 12.

Against: Dr. Jagan — 1.

Did not Vote: Mr. Debidin — 1.

Motion carried.

Bill read a second time.

COUNCIL IN COMMITTEE.

Bill into Committee
by clause.

Short title and commence-

ATTORNEY-GENERAL: I beg
that "1948" be substituted for
in this clause.

Amendment put and agreed to.

Clause 2 — Interpretation.

Dr. JAGAN: There are two words here which I would like to refer to, and they are "bonus" and dividend". I do not know if I am right, but most co-operatives think that dividend is money which they get from patronage and it seems to me that the term dividend should be used here instead of the term bonus. Most people speak of "divvies" as regards co-operatives, but I see that "bonus" is used to mean what I have explained here. I would like that word to be changed.

Mr. FERNANDES: I had an amendment in writing here and I intended to ask that the words "patronage divided" be substituted for the word "bonus". I think that is a standard term and the nearer we keep to it the better it would be.

Mr. DEBIDIN: May I ask that the Social Welfare Officer or any Member of this Council be requested to explain the meaning of these two terms—bonus and dividend — and how in the operation of co-operative societies these two things would arise?

The ATTORNEY-GENERAL: With reference to the points raised by the hon. Member for Georgetown Central and the hon. Member for Central Demerara, I would like to point out that these definitions were not made by the Social Welfare Department in this Colony and that they appeared in a model Bill which was sent out by the Secretary of State as an appendix to his despatch dated March 20, 1946. The definitions -- bonus and dividend — as we have them in this Bill,

are the same as those adopted in other places in the Caribbean area. I have here the Ordinance of St. Lucia which was passed in 1946 containing them, so it cannot really be said that there is any special meaning in these words at the present time. If we adopt what is stated in the model Bill we should be uniform with our neighbours in the Caribbean area. There has been a lot said in the newspapers to the effect that the Social Welfare Department has departed considerably from the model Bill sent out by the Secretary of State, but the Department has followed the definitions in the model Bill very very closely.

The COLONIAL TREASURER: Apart from that, it seems to me that the terms used here are quite appropriate. The hon. Member for Eastern Demerara wants to know what is the distinction between the terms bonus and dividend, but that distinction appears in the interpretation. A bonus is something distributed to a member of an organisation, based on the value of his individual transactions. Let us assume that consumer co-operatives such as one hon. Member has described to us are operating and that hon. Member bought \$1,000 worth of goods during the year. When the organisation proceeds to distribute its profits in proportion to the value of the transactions done by individual members, what the hon. Member receives would be bonus and not interest

The CHAIRMAN: I think the hon. Member quoted the C.W.S. rules a short time ago and if I remember rightly the same terms are used in those Rules.

The COLONIAL TREASURER: I was going to suggest that dividend is the return that one receives on the share capital that he holds. As regards the term interest, it has a distinct connotation of liability. It is something paid to a person when he lends money. Do not let us use the term "interest" because we do not want people to feel that what they put into this organisation is lent; it would be a share holding and not a loan. As regards the use of the term "divvies", I think it would be much better for us to use the term "bonus". I think legal people would prefer to use "bonus" rather

than "divvies" which the ordinary individual uses.

Mr. THOMPSON: I think the whole idea is that bonus has come to be regarded as an encouragement to members of an organisation to patronize themselves.

Mr. FERNANDES: I am not going to quibble but from what I have seen bonus is the distribution of a certain portion of the profits in a specified way. After interest has been set aside, the balance of the profits is divided among members in proportion to the amount of goods they have purchased — individually. There is a Bill which is being brought forward right now providing that interest should be paid half-yearly.

Dr. JAGAN: In a corporation one gets a fixed rate of interest on whatever money he puts in for shares; whereas, in a co-operative one puts in money but does not know what particular return he would get from it. That is why I agree that the term "bonus" should not be used here, and that it should be "dividend" instead. In all co-operatives it is usually referred to as "divvies" and we all know it as such. I understand the literal meaning of this definition, but it is the practical results that gives me some concern. It seems to me that profits made by that organisation at the end of a year would have to be divided up twice. What I want to know is, at what point or what is the basis of allocation for bonus and for dividend. It seems to me they are merged into each other. I buy so much and I am going to get a certain percentage. Unless there are regulations to be made, that is the only way.

The COLONIAL TREASURER: That is provided in the Society's Rules. If members look at clause 34 they would see what is intended. It says:

"At least one-fourth of the net profits of every registered society, as ascertained by the audit prescribed by section thirty-five, shall be carried to a fund to be called the reserve fund, which shall be employed as prescribed by the Regulations. The remainder of such profits and any profit of past years available for distribution may be divided among the members by way of

dividend or bonus, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the Regulations and Rules:

Provided that in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Governor."

To my mind it is desirable that these two things should be distinct. The member who holds a share and does not trade with the society must get something—that is dividend; the member who does legitimate trade with the society and spends all his money with the society should get something bigger which would be a bonus. There can be no quibbling about the terms. We know what it means.

Mr. FERNANDES: The member who puts his money into a Co-operative Society and does not trade with it, his interest is limited. It does not matter how much profits that Co-operative Society makes, it is a fixed thing; it cannot give members more than a certain figure. It is not a question of a dividend dependent on the size of the profits. It cannot go above a certain amount, no matter what size the profits are.

Clause put, and agreed to.

Clause 4 — Societies which may be registered.

Mr. DEBIDIN: It was promised that I would be given some explanation as to the expression "with or without limited liability." I would like to know how it operates. Mr. Bayley was to explain it.

The CHAIRMAN: I think I can explain that, but let us hear what Mr. Bayley has to say.

Mr. BAYLEY: I know you can explain better than I can, Your Excellency, the law in Cyprus requires Co-operative Credit Societies to be registered unlimited liability. The question of unlimited liability may be explained by reference to ordinary commercial

tice. The conception of limited liability has only grown up in the world in recent times. Before that, a company consisting of several persons doing business together would be liable to the limit of their respective estates, jointly and severally, for the debts of the company. In a Co-operative Society the Bill gives power for it to be registered with unlimited liability in exactly the same way. It also gives the Society power to be registered with limited liability in the same way as a joint stock company. There is no difference between the effect in a commercial concern and a co-operative society. The reason for some societies registering with unlimited liability are three in number —

Firstly, it makes the members of the Committee more careful in the granting of loans, and it is essential that, in a young credit society particularly, great care should be taken by the Committee in these things or the society may find itself in difficulties.

The second result of unlimited liability is that members are apt to insist that loans are repaid on the due date to a greater extent. Any slackness in the insistence on the repayment of loans will of course mean that the society will not have money at its disposal for loans to other persons. The idea is, that in a new society with not a very large sum in hand the money should be kept circulating from one borrower to another.

And the third and very important consideration is, that depositors are attracted to a society with unlimited liability with greater ease if they know that they can proceed against any one of the members of the society to the limit of his assets. Most credit societies in the early stages will require as much money as they can and as soon as they can. They will be always in the position of having more borrowers than they can accommodate and, therefore, the attraction of depositors to the society, by making the public feel that the society is safe, is very important.

The CHAIRMAN: There is a fourth reason. In the case of unlimited liability, the society can borrow very much more because it has greater security. That is to

say, if you are only liable to the extent of your share in the society, which may be only \$10, your liability is not much, but if the land you own is liable in case of bankruptcy of the society, if every member's land is pledged, so to speak, that society as a whole can borrow very much greater sums of money because it has registered security, and if it is a good society, as you would find in Cyprus, it is of unlimited liability. Unlimited liability should become a very popular thing, and you have to convince people that it is in their interest. A really good society is one that has members who have pledged all they have got and so get much greater loans and do very much more to add to their own profits, but it is not very popular — unlimited liability. As you will see, we do allow for it. Other countries have done it and done it with very great success. There is absolute confidence in these societies, and there must be absolute confidence before any member would agree to unlimited liability as far as he is concerned. That, I think, is the position. The people who are new to the idea of co-operation, I think I am right in saying, do not like it. It is however for them to decide.

Clause passed.

Clause 5. — **Conditions of registration.**

Mr. DEBIDIN: The number "10"! I am thinking of a co-operation of people which, in the case of buying a tractor, may not have more than four or five of their number to go in for such a thing. What I am wondering is whether "ten" does not exclude certain persons willing to enter into a co-operative society for the purpose of production coming within the scope of this Ordinance. The suggestion I am going to make is that it may be reduced to "five."

The CHAIRMAN: No society at all should have only five members to deal with. The great thing about these societies is to get the people together. I have never heard of any society with ten members, and a society of only five men getting together does not want elaborate rules for its working.

Mr. DEBIDIN: I am thinking of cir-

cumstances that may be. For instance, five persons are determined to buy a launch for transportation purposes. Only five persons can make up their minds for that venture. That is why I say, it is desirable to have as low a number as possible. I make that observation as there are lots of other ventures as far as I see. One thing stands out with which I am in favour, and that is extreme supervision is provided for in the Ordinance. I am happy about that. In this Colony there is much need for that. The hon. the Attorney-General mentioned he has no experience. That is why I would like to see any little project brought in.

The CHAIRMAN: Perhaps Mr. Bayley will tell us what he thinks.

Mr. BAYLEY: There is nothing special in the number "10". It seems that to have less than that number of small persons in a business which they wish to run, they would hardly wish to pay the registration fee or to take the trouble of getting out rules to govern their operations, or to pay the cost of printing rules. I do not think from our experience so far, that there will be any great demand for the registration of societies with less than ten persons.

The CHAIRMAN: I think it is far too small a basis to put it down to 4 or 5. Certainly 4 or 5 men cannot form a society and keep it going. They would not have the money and the resources. If they are rich men, each owning 500 acres of land, rice lands, they would not want a society. I have never heard myself of a society with less than 30 or 40 persons. That is the minimum I have heard of, while the tendency is to rope in more people from time to time.

Mr. DEBIDIN: I will not press it.

Mr. THOMPSON: I am suggesting that the number be 20. After taking into consideration the registration fee and other expenses, I think it should not be less than twenty.

The CHAIRMAN: Let us stick at 10 for the present!

Clause passed.

Clause 6—Application for registration.

Dr. JAGAN: Sub-clause (3) reads:

"The application shall be accompanied by copies of the proposed Rules of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require."

I think it is desirable to state how many copies, because under the old Industrial and Provident Societies law, I think, there were two copies filed.

The CHAIRMAN: I do not mind. It can be amended by inserting two copies.

Amendment, inserting the word "two" between the words "by" and "copies", put and agreed to.

Clause, as amended, passed.

Clause 7—Registration.

The ATTORNEY-GENERAL: I beg to move that after the word "society" in the sixth line the following words be inserted:—

"or to register any society with limited liability or unlimited liability, and such appeal shall be brought."

The object of that amendment is to make it quite clear in any case against general refusal. If the society wants to be registered with limited liability and the Registrar says it should be unlimited liability, there should be an appeal and *vice versa*.

Mr. FERNANDES: I had an amendment in mind to sub-clause (1). It says in the fourth line "he may, if he thinks fit, register the society and its Rules." It should be "he shall register the society and its Rules," because at the beginning of the sub-clause it says: "If the Registrar is satisfied that a society has complied with the provisions of this Ordinance and the Regulations, and that its proposed Rules are not contrary to this Ordinance or to the Regulations. . . ." If he is satisfied he shall register and if he is not satisfied he shall not register it. As long as he is satisfied I do not see why the provision

should state "he may, if he thinks fit, register the society," and in case of a refusal it should go to you, Sir. In the first case the Registrar has to be satisfied that it is in order. After that, I don't see there is any question of his not registering it or any question of appeal. There may be an appeal against his not being satisfied. As long as he is satisfied, I take it, everything is in order.

The ATTORNEY-GENERAL: It may very well mean the Registrar of Co-operative Societies considering the particular circumstances of the case and the organization may very well feel that it should be registered under the Companies Ordinance. Something like that may happen. The object of this Ordinance is really to help the small people, and the big people should not come in and get the advantages of this Ordinance when the Ordinance is not really intended for them. They can register under the Companies Ordinance. That is only what has occurred to me. As I have said, I know very little about co-operative matters. A particular case may arise in which the Registrar of Co-operative Societies may consider that the application for registration should be made under the Companies Ordinance and not to him as being under this Ordinance.

Mr. FERNANDES: A big person cannot come in. There is a limit as to how much is to be put in. If everything done in the society is to be to the satisfaction of this gentleman, I do not see why the registration of these societies should be at the whims and fancies of this gentleman. I maintain that, and I move the deletion even though I may be in the sole minority.

The CHAIRMAN: The Registrar has to be satisfied with all that he should be satisfied with. If the Rules are not contrary to the Ordinance or to the Regulations, then he may register the society. That covers bogus applications showing on paper that all the Regulations have been complied with, but he may know that those people are not genuine. I do not say it has happened, but it may happen. Some individual can just say he has complied with the Regulations on paper and the Rules are not contrary to the laws, but is that sufficient?

Mr. FERNANDES: I don't see how he would be satisfied with a bogus organization. The Ordinance has no room for bogus organizations.

Dr. JAGAN: He can regulate it. He has the power if it is a bogus organization.

Mr. DEBIDIN: I see that certain clauses of this Bill do imply the Registrar must have a certain amount of discretion, and I do draw the attention of the hon. Member for Georgetown Central to the fact that if those words are not there there is no need for the remaining portion of the clause giving the right of appeal, because it speaks of a refusal. If it shall be granted in each case, there is no need for the right of appeal. It does seem that discretion should be granted in view of some clauses of the Bill.

The CHAIRMAN: One man may get some fellows together and obtain \$5 from each of them and then apply to the Registrar for registration stating on paper that he has complied with the Regulations and Rules, and before you know where you are he has gone off with the money. I do not say it is going to happen, but it is only a precaution that there is this provision and the right of appeal.

Dr. JAGAN: The right of appeal will lie to the Governor in Council. I wonder why the change has occurred in this case, because in the Industrial and Provident Societies Ordinance the right of appeal is to the Supreme Court in Chambers. I would much prefer it to be as it was before. Therefore I move the deletion of the words "Governor in Council" and the substitution therefor of the words "Supreme Court in Chambers".

Mr. ROTH: That suggestion would mean an increase of fees, I take it.

Dr. JAGAN: I do not think it is a question of fees. It is a question of separating the Executive from the Judiciary. The Registrar will be part of the Executive and, I think, to have the right of appeal to the Judiciary is much better.

The ATTORNEY-GENERAL: I would like to point out to the hon. Member for Central Demerara that in matters of this sort there will be greater possibility of

getting reconsideration by the Governor in Council than by a Judge in Chambers. This is not really a legal matter. It is a question of fact, and the ordinary rule which is adopted by the Judges when hearing an appeal on a question of fact is that the decision is right and you have to prove it is wrong. If an appeal like this is taken before the Governor in Council the matter is at large, so there would be greater possibility of success before the Governor in Council than going to a Judge in Chambers.

The COLONIAL SECRETARY: May I just indicate for the consideration of hon. Members, that it has been said in this Council before from the Chair and by the Attorney-General that where Bills are in Committee and it is a long Bill, any Member who has important amendments to make would greatly assist the Attorney-General if some indication is given beforehand. If you start amending clauses in Committee as we are doing now and the amendment is important, it is very easy to make a very big mistake. If the Attorney-General has time beforehand to consider the amendment you wish, he would be able to come back in Committee and explain what the result of the amendment would be. Interference with the wording of the clause may run us into much more trouble than we expect. If you give the Attorney-General very good notice, one day, he could study what you want and when we come into Committee he would explain to you the result.

Mr. ROTH: With all due deference to the hon. the Colonial Secretary, I do not agree with him. As I have pointed out, the Order of the Day says we will only deal with the second reading today. There was no notice that we would go into Committee on the Bill today in view of the long list of business.

The ATTORNEY-GENERAL: I do not think the hon. Member is quite right. The Committee is the detailed stage of the second reading I do not think the hon. Member is right in saying that. If he looks up the Standing Orders he would find the procedure is quite right. During the second reading of the Bill you go into Committee to consider the details of the Bill.

Mr. FERNANDES: I would like to thank the hon. the Colonial Secretary for his remarks, but I would like to tell him that I am a new Member of this Council and that statement was not made during my term of office. Therefore I am a little dumb as to what the procedure should be. In future I will take care, if I have any amendments, to see the Attorney-General beforehand, and I hope I will not be too much of a nuisance to him and he will take it in good spirit. I had no idea that I had any right whatever to be bothering the Attorney-General about any amendments I may have in mind to a Bill, and now that I know I have that right I will use it. I have to thank the hon. the Colonial Secretary for his information.

Clause as amended, put, and agreed to.

Clause 10—Amendment of the Rules of a registered society.

Mr. FERNANDES: In respect of sub-clause (3) the same thing arises:

"If the Registrar is satisfied that any amendment of the Rules is not contrary to this Ordinance or to the Regulations, he may, if he thinks fit, register the amendment."

That is another case. I have been beaten in the first case. No one took any notice. I still think it should be "he shall register."

The CHAIRMAN: It may be within the Rules; it may be an unsound amendment. If they want to do these things in ways which are not sound, financially and otherwise, they have the right to appeal in the event of a refusal. I do not say it is going to happen, but I know it has happened. If there are no safeguards, it means they would go bankrupt before they know where they are. No doubt, it will make the society very attractive to have very attractive terms, but are they sound? Another thing they are likely to do in order to make a society very attractive is to make very attractive promises which they cannot possibly honour. They do these things in order to trap people into coming in but they are fundamentally unsound. That is where this question of guidance comes in, and therefore there should be some discretion given to the Registrar.

Mr. PETERS: Perhaps I should say a word on this matter; I feel that so far as the Registrar of these co-operatives is concerned we must not regard him as a man with a sort of slot-machine mentality—a man who, merely because he is satisfied with the Rules drawn up, should be denied the privilege of exercising what mental reservation he has. I think that is the purpose of this clause; we do not want to make a slot-machine out of him. We should give him some discretion, as Your Excellency has said. If a person is not satisfied let him use the appeal process. I think the Registrar should have some discretion.

Mr. FERNANDES: The appeal process might give justice in the end, but it is not as easy as some people feel to get an appeal through.

Clause 7, put, and agreed to.

Clause 14—Creation of charges in favour of registered societies.

The ATTORNEY-GENERAL: I beg to move that in the fourth line of sub-clause (1) the words “any mortgage” be amended to read “any prior mortgage.”

Amendment put and agreed to.

Clause 16—Shares or interests not liable to attachment or sale.

Mr. DEBIDIN: I should like to have some explanation as regards this clause. I am visualising a case where there is a society with unlimited liability and where a person in debt would have an opportunity of swindling other people outside of that society. A man may have liabilities in a matrimonial cause, for instance, and I do not see why his property in a society should not be attached to meet his debts. I do not think it should be free from attachment as proposed in this clause.

Mr. PETERS: I think this is a rather wise provision—to keep the assets of a society free from attachment. If that is not done I can see this danger: If per chance, say 40 or 50 per cent. of the members of a society get involved in matters which affect their legal liabilities and the

assets of the society could be attached, the Court by its order might undermine the stability of the society by reason of the dereliction of some of the members. In other words, the majority of the members of a society might be made to suffer by reason of what can be described as the dereliction of a few others. If creditors want to collect their money they should collect it elsewhere, otherwise the general society might suffer.

Mr. DEBIDIN: The provision might be a danger to the general society because a person might feel he should hide his assets in a place where they cannot be attached. A man might evade a financial obligation to his wife and children and might hide his assets in a society so that no one would attach them. I think this clause should be deferred until later so that some amendment could be thought out. It clearly states that it is subject to the provisions of clause 15 which refers to the debts of the society itself. What is to happen if a man's immovable property is not made liable to attachment?

The CHAIRMAN: It does not mean that. It means that what is in the capital of the society would not be liable to attachment.

Mr. DEBIDIN: It is stated that a man's entire property may be put into the society.

The CHAIRMAN: That would only be in shares.

Mr. DEBIDIN: An immovable property might be brought in as a man's share and just because of that the society would have the controlling power.

The CHAIRMAN: That would only come in if the society breaks down. This says that the society should have first claim on his property and that it cannot be attached until the claim of the society has been met.

The ATTORNEY-GENERAL: In actual practice the procedure for attaching or taking into execution a share in a company is very involved and it is not known really to the majority of legal practitioners. It is not known to me; in the course

of my practice I have never had to attach a person's share in any company and, therefore, I have never studied the procedure. I do not think the hon. Member for Eastern Demerara should attack this provision because if in big matters the procedure of attaching shares in property is unknown I do not think he should worry over this small matter.

Mr. DEBIDIN: The clause speaks of "share or interest of a member," and I am thinking of a case where a society might have unlimited liability. I take it, however, that if a creditor secures an ordinary judgment in a Civil Court against a member of a society for say \$500, he can take out process and levy on the shares of that member which remain after the society has taken its own dues. That is why I suggest that there should be some provision whereby a member's interest should be liable to attachment after the society has been satisfied. If we are going to visualise a widespread operation of these societies we should make such a provision for the benefit of the general economy of the community as a whole.

The CHAIRMAN: I am not a legal man but I am in favour of this provision as it is. Personally, I am satisfied that it is giving the society a little privilege, but that is what we want to do — to encourage these societies. I do not think it is going to be as cumbersome as the hon. Member thinks; it is a question of the legal interpretation.

Mr. DEBIDIN: It is a case of protection against any kind of attachment outside the societies' rights. Whilst it is true that we want to protect the societies we should not make it possible for individuals to defraud their creditors by getting together suddenly and forming a society of unlimited liability before a judgment of the Court is satisfied.

Mr. ROTH: To a point of explanation: That is exactly where the Registrar would come in; he might not think it fit to register such a society.

Mr. DEBIDIN: The Registrar might not know that certain persons are trying to hide their assets through the society.

The ATTORNEY-GENERAL: The hon. Member for Eastern Demerara appears to be very much concerned about a husband getting away and not meeting his obligations; but if he is a poor husband, as long as he has shares in a society there would be some means of getting money to pay his wife.

Clause 16 passed.

Clause 21 — **Qualification for membership.**

Dr. JAGAN: I beg to move that sub-clause (b) of this clause be deleted. I have here a book called "Maritime Techniques in Consumer Co-operation", and if I am permitted I would like to read one of the fundamental principle of co-operation as contained therein. One of the rules — No. 8 — says:—

"8. Wherever possible, co-operative societies shall combine their strength in democratic societies for the purpose of wholesaling, manufacturing and providing services to large to be undertaken by local organizations."

In other words, I think some danger would be found in this sub-clause, (b), if we want to undertake co-operative wholesale societies in the whole of British Guiana in future.

The CHAIRMAN: A society can make its rules and show that it would be in operation in the whole of British Guiana. There is no limit in that respect.

Mr. DEBIDIN: If Rules are to be made I do not think they can be repugnant to this Ordinance.

Mr. FERNANDES: Wouldn't it be reducing the situation to a farce if every society that is registered makes the whole of British Guiana its territory? The Registrar might not register them in that case.

Dr. JAGAN: In the case of insurance and certain other organisations I do not see the necessity for such a provision, but it may be useful in cases like credit unions. In my experience most credit unions usually operate within a small

area. I do not think this sub-clause, (b), is necessary at all because it would be involving the Rules of the society and may bring about several complications.

The ATTORNEY-GENERAL: The hon. Member for Central Demerara in the course of his remarks stated that co-operative societies should combine, but if they combine to make application for registration as a co-operative society clause 21 would not apply because it reads as follows:—

“21. In order to be qualified for membership of a co-operative society a person, other than a registered society, must —

(a) have attained the age of sixteen years; ”

In any case, that would hardly apply to a co-operative society. Clause 21 distinctly says that where one of the members of the society applying for registration is himself a registered society, then the provisions of clause 21 do not apply, so there is no restriction against co-operative societies combining among themselves to form a single co-operative society.

Dr. JAGAN: My point is that if an individual wants to join a society he should be free to do so anywhere he wishes. I repeat that this sub-clause, (b), will cause a lot of trouble. The clause speaks of “a person” and that is what I am worried about.

Mr. DEBIDIN: On the interpretation of the whole of this clause I am wondering whether it does not mean that at all times during the life of the society a member has to be resident in the area of the society. If that interpretation is correct I think there should be some amendment of the clause. If a member of a society leaves the district and goes to reside in another I do not think he or she should be debarred from maintaining membership because of that. I think the clause could be improved by the insertion of the words “at the time of the application.”

Dr. JAGAN: If a person residing in Great Britain wants to buy shares in a society in British Guiana he or she would be prevented from doing so through this provision relating to residence and occupation.

The CHAIRMAN Does the Attorney-General wish to say anything on the point?

The ATTORNEY-GENERAL: All that I can say is that when a person becomes a member he remains a member until his interest is permitted to be transferred in accordance with the Ordinance and the Rules. Clause 21 has particular reference to clause 5 (1) and also to clause 6 (2). Clause 5 (1) says:—

“5. (1) No society, other than a society of which a member is a registered society, shall be registered under this Ordinance, which does not consist of at least ten persons each of whom is qualified under section twenty-one for membership under this Ordinance.”

Then clause 6 (2) says:—

“(2) The application shall be signed —

(a) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of sub-section (1) of section five; and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and, where all the members of the society are not registered societies, by ten other members, or, where there are less than ten other members, by all of them.”

It is clear that clause 21 refers to the time of application.

Mr. DEBIDIN: I beg to move that sub-clause 21 (b) be amended by the insertion of the words “at the time of application” before the words “be resident.”

The ATTORNEY-GENERAL: The amendment would have to relate to both sub-clauses (a) and (b).

Mr. DEBIDIN: I would agree to that.

Amendment put and agreed to.

Clause 21 as amended, passed.

Clause 23 — Restriction of membership in Society.

Dr. JAGAN: I do not agree with this

clause. I think there should be relative freedom for a person to belong to any organisation he or she wishes to join.

The CHAIRMAN: I think this is one of the most salutary provisions in the whole Bill. It is a provision or an assurance that one man would not be able to go around and join half a dozen societies, get loans from the whole lot of them and then pull out. It is a most salutary provision to prevent any abuse of this privilege. This clause is based on actual experience and, as I have already said, a man may join half a dozen societies and get loans from them and then clear out.

Clause 23 passed.

Clause 27. — **No individual to hold more than one-fifth of share capital of any society.**

Dr. JAGAN: I would like some explanation of the words "other than a registered society" in clause 27. I think a registered society should have the same rights and privileges as an individual member of a co-operative society.

The ATTORNEY-GENERAL: As far as I understand it the object of this clause is to meet what the hon. Member has been advocating, and that is that registered co-operative societies should be able to organise themselves into a single co-operative society for the purpose of expanding their business.

Mr. FERNANDES: I would like to support the hon. member for Central Demerara (Dr. Jagan) on that point, and I formally move the deletion of the words "other than a registered society."

The CHAIRMAN: There are what are known as member societies, and such societies, when they have money to spare, invest it in a central bank of which they are members. That is why a registered society is regarded as a member.

Mr. FERNANDES: What I want to make perfectly clear is that it is contrary to the principle of a co-operative society that anyone should own a majority of shares in any registered society, and this clause means that any society which is a

member of a larger co-operative society can own any number of shares. We thus get back to what everybody is complaining about — domination. No member is permitted to own more than one-fifth of the share capital of any co-operative society, and if we allow a society to own more than that it would be contrary to the principles of a co-operative society.

The CHAIRMAN: I am not so sure that I understand the hon. Member. May I explain again. I will give you an example of what we do. We had a Central Loan Bank, and the members of that Bank were credit societies in the country which had shares in the Central Bank. They put their surplus cash in the Central Bank. That is inside the co-operative movement. You may have one large society and 50 small ones. To say that registered societies should not be allowed to help a Central Bank by subscribing more than one-fifth of its share capital would be doing them a disservice. If they wish to subscribe more than one-fifth, by all means let them do so. It is not a question of one society controlling what I call a central society, because each society would only have one vote. There is a very big difference between allowing an individual member to hold more than one-fifth of the share capital of a co-operative society and permitting a registered society which has ample surplus funds to invest some of its money in a central loan bank. It would be a great mistake. That is my experience.

Mr. DEBIDIN: What hon. Members are thinking of is the question of monopoly. It is not merely a question of a society putting its surplus cash into a central bank, but there is the danger of a controlling hand in the small societies. If that is the fear of hon. Members then I am myself afraid of any society which may be strong putting very large capital in another society. That might dislocate the whole idea of the co-operative movement.

Dr. JAGAN: It is not fear of a monopoly, because a member society would only have one vote. My objection to a member having too large a share is that if he withdraws his money the society may be busted. A member society may sub-

scribe 99 per cent. of the shares in a larger society, and there is a possibility of its withdrawing the whole of that money.

The CHAIRMAN: Member societies put their surplus money into a central bank and get interest on it. It is one society helping other societies by putting its surplus funds in a parent society. It is the very best form of co-operation that one society should lend money to another. It does mean that for these co-operatives more capital would be available. It would not be a question of one society having a monopoly. I think that if you do not allow that you would be doing those societies a disservice, for instead of going to another society they would probably have to come to Government. I do not want to see them any more than it could be helped. I want these people to use their own money and their own savings.

Mr. SEAFORD: The hon. Member for Central Demerara (Dr. Jagan) said he was not afraid of a monopoly, but that if one society withdrew all of its shares in a central bank the bank would be busted. I do not think that is practicable because, after all, the money would not be held in liquid form. It would be invested and would not be there for them to withdraw at all.

The CHAIRMAN: They would also have to give notice of withdrawal. There would be all sorts of protecting rules. One society would not be out to smash another. That is how I have seen it in practice. It is an excellent thing. I will now put clause 27.

The Committee divided and voted :—

For — Messrs. Peters McDoom, Thompson, Seaford, Roth, Dr. Singh, the Colonial Treasurer, the Attorney-General and the Colonial Secretary — 9.

Against — Dr. Jagan, Messrs. Kendall, Fernandes and Debidin — 4.

Clause 27 carried.

Clause 30. — **Loans made by a registered society.**

Mr. FERNANDES: I move the dele-

tion of sub-clauses (2) and (3) of clause 30. The lending of money to anybody other than a member of a co-operative society is contrary to the principles of the co-operative movement. The minute a society deals with outsiders, as provided for in these sub-clauses, it moves away from that principle.

Dr. JAGAN: I wish to support the hon. Member as regards the deletion of those sub-clauses (2) and (3). Personally I would not object to the provision in sub-clause (1). I feel that a society should be able to lend money, provided there is ample security, but I object to sub-clause (3).

The ATTORNEY-GENERAL: If the hon. Member's amendment were carried it would mean that the power of a registered society to make loans would not be properly defined. For instance, the amendment is that the whole of sub-clause (2) be deleted — not that the words "Except with the permission of the Registrar" be deleted. The hon. Member for Georgetown Central (Mr. Fernandes) has gone very far. If he had said that the permission or consent of the Registrar should not be given to any loan which is not permitted by the clause one might be able to appreciate his point, but he has moved the deletion of the entire sub-clause.

With regard to the proviso to sub-clause (1), as you, Sir, have pointed out, in the co-operative movement it is permissible and useful for one registered co-operative society to help another. It is nothing unusual, but what one would expect. Sub-clause (2) merely provides that "except with the permission of the Registrar, a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorised to deal." There is, however, provision that the Registrar may, notwithstanding that, give permission in any special case, provided that "the Governor may, by general or special order, prohibit or restrict the lending of money on mortgage of any description of immovable property by any registered society." There may be very good reasons at a particular time, of calamity or otherwise, when it may be

necessary for the Governor or the Executive to make an order like that in order to safeguard the funds of a society. I do not think it should be presumed that the Executive would act wrongly, ill advisedly or wickedly.

Mr. FERNANDES: I would like to ask the hon. the Attorney-General for some information. As I understand this clause, it deals with loans to people or societies not members of a co-operative, and it gives the Governor power to prohibit a credit union from lending money to one of its members on a mortgage. Looking at it from a layman's point of view I think that would destroy the entire principle of the co-operative movement. I ask that the clause be deleted because, in my opinion, it is concerned primarily with loans to societies which are not members of a co-operative.

The CHAIRMAN: I can only advise hon. Members not to delete this clause. It is based on experience, and there is need for a clause like this. It is not something sudden and conjured up by somebody. We find from experience that it is necessary to limit the operations of these societies in order to protect them. They are not money-lending societies. Their money is needed for their members. Co-operative societies have been known to have been got at by a person who wanted a loan on some property which was not worth one-tenth of the money they lent him. You will find that once there is money about there will be people out to get it out of a society. It is human nature or human weakness. That is why I have impressed upon hon. Members the necessity for getting an expert here, and limiting the powers of societies. If the Registrar of Co-operative Societies is not cut to develop and help the people he is no good, and we do not want him. He is coming out to help them and we must give him some power to enable that help to be effective.

Dr. JAGAN: Recently a co-operative society has been registered under the name of the Co-operative Free Press, Ltd. That society proposes to sell shares for the purpose of setting up a newspaper. We read a little while ago when delegates

returned from Barbados, that no new newspaper would be allowed in British Guiana. If the new society collects \$10,000 or \$20,000 and is not permitted to lend that money on the security of immovable or movable property, and so make some money for the benefit of its members I think it would have the effect of tying up the capital of that society and discouraging other people from joining the society. If the society is free to invest some of its money for the benefit of its members, I fit until such time as it is able to establish a newspaper of its own.

Mr. DEBIDIN: I think Members are unduly alarmed about this clause. As I understand it, the Governor would give a general order as to the type of immovable property which should be taken under a mortgage, and that would be a safeguard. It would not restrict at all the granting of a mortgage in any case.

The ATTORNEY-GENERAL: With reference to the point raised by the hon. Member for Eastern Demerara (Mr. Debidin) it would appear that the society to which he refers is one which is registered under the Industrial and Provident Societies Ordinance. That society would be able to retain its registration under that Ordinance, and it would be entirely optional for it to come under this Bill. If it considers that it has better conditions and facilities and better guidance under the Industrial and Provident Societies Ordinance it would remain under that Ordinance. If after consideration it finds that it would be better for the society to come under this proposed Ordinance it would do so. It is entirely optional to the society.

Clause 30 put, and agreed to.

Clause 37—Inquiry and inspection.

Dr. JAGAN: I would like to move the deletion of the words "of his own motion" in the first line of clause 37. I think there is ample provision in the Bill whereby members of a registered society can appeal to the Registrar to hold an inquiry into the affairs of the society. I cannot see the necessity for giving the Registrar power to act of his own motion. I think

it is giving the Registrar too much power. I think section 45 of the Industrial and Provident Societies Ordinance provides that one-tenth of the members of a society may make application for an inquiry. I think that is a very good provision and should have been incorporated in this Bill.

Dr. JAGAN: I think giving the Registrar so much power is not wise. It is really too wide.

The CHAIRMAN: Would the hon. Member say what is the matter with it? Surely if the accounts of your society are all right you need have no fear of the Registrar coming in and making sure that they are right. We know what has happened in the case of these societies long before they were found out. You get a petition—I have got them—that things are not being well done and ought to be looked into. Hon. Members have come to me and said that things are not well in a particular place and I should look into them. It is information such as that why there should be no objection to the Registrar going in and seeing that things are in order. What harm it does? They ought to be glad to see that everything is in order. I cannot possibly see any objection to it. It is out to protect the members of the society. That is its object.

Clause passed.

Clause 42 — Liquidator's powers.

The ATTORNEY-GENERAL: There are certain misprints. In paragraph (g) the word "Registrar" is wrongly spelt, and in paragraph (h) the word "proper" is not properly spelt.

Clause as corrected passed.

Clause 43 — Power of Registrar to control liquidation.

Mr. DEBIDIN: What I would like to find out is this: The clause says:

"A liquidator shall exercise his powers subject to the control and revision of the Registrar, who may —
(a) rescind or vary any order made by a liquidator and make whatever new order is required; . . ."

It seems to me that is contrary to the principle of appointment of a liquidator. On the other hand if that is allowed—I am not saying it would be altogether bad or wrong to have that—then there should be some right of appeal to some tribunal.

The CHAIRMAN: See clause 44 (1). You have some protection there!

Mr. DEBIDIN: I am not so sure as to what are the powers of the arbitrator. It merely speaks of the appointment of an arbitrator. One does not find in this clause as in the matter of insurance policies where the appointment of an arbitrator is made with the consent of the parties, and if the arbitrator fails or any of the parties does not agree to the findings of the arbitrator the matter is taken into the Supreme Court. Unless we know some of the powers of the arbitrator—I do not know who may be appointed, he may be some person without judicial functions—I certainly would suggest that something further be added to the effect that if there is any dispute as to the findings of the arbitrator a person may have the right to go to the Supreme Court, as only then you will have a judicial pronouncement, unless you are going to define an arbitrator to be a Judge, or a Magistrate, or one with judicial knowledge. I think the hon. the Attorney-General would bear me out. This is the common practice in all cases of the appointment of arbitrators, and that is particularly evidenced in the case of insurance matters, that if the parties dispute the arbitrator's findings the matter is subject to the judicial finding of the Supreme Court. I ask for its introduction either in this clause or in clause 44.

The ATTORNEY-GENERAL: I would like to invite the hon. Member for Eastern Demerara to clause 50 which empowers the Registrar at any time when proceeding to a decision under this Ordinance to refer any question of law arising out of the decision to the opinion of the Supreme Court. The Supreme Court is not entirely left out in this Ordinance.

Mr. DEBIDIN: Does that really meet the case I am referring to? Your Excellency, the point here is, it only gives the

Registrar power to do so. There may be other disputing parties.

The CHAIRMAN: It is only a question of liquidating or winding it up. There is not much in it. Leave it to a simple procedure without going to law.

Mr. DEBIDIN: The hon. the Colonial Treasurer knows what was involved in the Building Society's liquidation. You can only tell when you get a co-operative society of the magnitude of that Society.

The CHAIRMAN: A society goes into liquidation when it has no money to carry on and it has to be wound up.

Mr DEBIDIN: When we come to clause 50 I am going to ask that besides the Registrar the words "or the Governor or any disputing party" be inserted.

The ATTORNEY-GENERAL: I may invite the hon. Member to clause 46 which provides for an appeal to the Governor being made by any person aggrieved by any order of the Registrar, and then there is clause 50, to which I have already referred, which provides for the Governor in any case really involving a question of law notifying the Supreme Court to decide

Mr. DEBIDIN: That is a very devious situation. It does not give a disputing party the right to go to the Supreme Court. It is left to the discretion of the Governor. I do not say it will be withheld, but I do say it is not the same thing.

Clause passed.

Clause 45—Limitation of the Jurisdiction of the Civil Court.

Mr. Lee: Does this debar any shareholder or otherwise going to the Supreme Court? Civil Court is not fully described. I do not think this Ordinance should debar any person from going to the Civil Courts of the Supreme Court.

The ATTORNEY-GENERAL: I think it is very plain. It is a far distance between the Civil Law meaning the law of the State and the common law of the

Church. At the present time civil law is not criminal law.

Mr. LEE: That is where I move the deletion of the clause. If any person who is a shareholder or a member of a co-operative society feels that he or she has a civil claim against the co-operative society, this will debar that person from going to the Court, which is not the intention of justice in any way. It says:

"Save in so far as is hereinbefore expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Ordinance."

One can never tell. On false statements an application is made to the Court and a dissolution obtained, and then a person will be debarred from going to the Court and proving the falsity of the conspirators causing the dissolution. I do not know what Your Excellency thinks about it, or the learned the hon. the Attorney-General, but I think every citizen seeking British justice if he has any claim or not on any society can go to the Supreme Court and say "Your Honour, here I have a certain right or interest and I can prove that this and this is not right;" and the Court in equity can hear the matter. But you are now debarring him from doing that. If it was in respect of the Magistrates' Court I can understand that, as you do not want the Magistrates' Court to have these lengthy discussions and the Magistrates' Court does not try cases in equity. I do not think it is right to debar a person who has an interest in the society from going to the Supreme Court whether it is in respect of a dissolution or otherwise. I therefore move the deletion of this clause unless a satisfactory explanation is given.

The CHAIRMAN: What happens in these societies, they spring up on a very small basis and die from some cause or other. You want to wind them up formally as laid down under the Ordinance. That will happen not once but dozen of times. It is a simple straightforward method for doing that. They die from liquidation, or bankruptcy, or the members resigning membership as the result of a quarrel.

Those are the sorts of things that happen, where you have a co-operative movement every few weeks in one society or another. This is just a way of winding them up as they have to be wound up and as they are registered. This is the way in which it is done without going to the Court or worrying the Court at all. I do not see why they should go to the Court.

Mr. DEBIDIN: I am inclined to agree with the hon. Member for Essequibo River. I appreciate what Your Excellency has said, but this clause as it reads does not relate to winding-up or dissolution alone. It is very general and it may be that a person may wish to go to the Court for speedy action and more effective action than the Registrar can provide.

The CHAIRMAN: It only refers to dissolution.

Mr. DEBIDIN: What happens before dissolution, the things that cause dissolution?

The CHAIRMAN: They die and have to be wound up.

Mr. DEBIDIN: I don't know how far this can be construed. A person may deliberately bring about a resolution for dissolution of the society by wasting the assets of the society or doing something very wrong. That is a case where the Supreme Court should come in. I am thinking of an injunction to prevent the assets of a society being depleted. This relates to action before the actual dissolution takes place.

The CHAIRMAN: Where crime or fraud is suspected in a society it will go to the Supreme Court on the direction of the Attorney-General. They will not escape the penalty of the law in that case. I have dealt myself with the Secretary of a society who was given five years in a criminal case. This is where the societies die or the members just drop out and they have to be formally wound up.

Mr. PETERS: I am inclined to agree with the hon. Member for Eastern Demerara and the hon. Member for Essequibo River in respect of this clause. I am afraid it denies the right of any person con-

cerned to approach the Supreme Court if he feels aggrieved at any decision made in respect of the dissolution of a society. He is denied the privilege to approach the Supreme Court by way of an injunction, as referred to by the hon. Member for Eastern Demerara, in order to have a matter decided where there may be a question of law, which the layman in general may not be able wisely to construe, to be decided upon.

The CHAIRMAN: What about clause 50 of the Bill? There is the provision.

Mr. PETERS: The Registrar may hesitate. It may be a question affecting the decision of the Registrar, and he may hesitate to have the case stated. Then it means that the aggrieved party cannot by this provision have any means of bringing the matter to the attention of the Court. It may be that this particular clause—there is no necessity to have it deleted completely—calls for some measure of reconsideration in part by the hon. the Attorney-General. I think it is a little comprehensive to say "no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Ordinance." There may be instances where the matter may very well be brought to the attention of the Court, perhaps, for the benefit of all parties concerned. We are not seeking to legislate out of the hands of the Court the privilege of going to the Court to have a matter adjusted. If there is no desire that something of the kind be done, then it should be gone into very carefully before we pass it. In other words, I suggest that we postpone consideration of this clause until some of us get together and discuss it with the Attorney-General.

Mr. LEE: May I enquire if this clause is in the Jamaica Act? If it is, I certainly would withdraw my objection. We have to try to protect the members of these societies as much as possible and to facilitate them in seeking their right. That is what I am concerned about. If Your Excellency and the hon. the Attorney-General think that this is a copy of the Jamaica or English Act, then I would withdraw my objection, so that at any other time without again calling the

attention of Government to it we can ask for an amendment should it be found that this is debarring the right of certain people who have an interest in the society seeking justice in the Court. I think it is going a little to far.

The ATTORNEY-GENERAL: I think there is much ado about nothing. Under clause 41 of this Bill which has already been passed it is provided:

"Where the registration of a society is cancelled under section thirty-eight or section thirty-nine the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society."

Under clause 41 liquidation begins when the registration of the society is cancelled, so it is difficult to see what rights these people have; but apart from that, when an Ordinance like this dealing with a specific class of society is enacted, it is always customary to exclude from the operation of that Ordinance all the expensive and excellent proceedings of the Companies Consolidation Ordinance relating to the winding-up of companies. But hon. Members apparently would like to have those proceedings made part and parcel of this Ordinance. In all these Ordinances which deal with these small societies, such as the Friendly Societies, you don't have to go to the Supreme Court for a dissolution. The clause which deals with dissolution is clause 38, which is a very very simple clause and is operative entirely by the Registrar subject to an appeal to the Governor, and the Registrar does not act until after holding an enquiry or making an inspection. After that he may recommend, if he is of the opinion, that it should be dissolved. He makes the order which is subject to the

approval of the Governor. So I am unable to see any room for the Supreme Court in this matter.

Mr. LEE: I would like an answer to my question. Is this copied from the Jamaica Co-operative Societies Act?

The CHAIRMAN: It is a copy from the Secretary of State based on experience with certain improvements. We do not want litigation brought in nor to deny justice to anyone.

Mr. DEBIDIN: May I ask the hon. the Attorney-General a question? Probably he may enlighten me on this: After the Registrar has cancelled the registration in the case of the unlimited liability society, as explained by the Social Welfare Officer, one of its members begins to waste the property of the society or there is destruction or actual shifting of property, how can the Registrar prevent such a thing? Would not the members or the Registrar have to go to the Supreme Court, as that would be entirely out of the hands of the Governor? That is a case that strikes me to be in point.

Mr. LEE: The liquidators have absolute right to call in the assets and to liquidate the society. The Registrar may have very honest men when it comes to the manipulation of it, but it may be taking away the rights of certain people. Your Excellency, if you think it is right I would not say anything more, because you would be here and if anything arises I may ask that it be amended.

At this stage the Council resumed and adjourned to 2 p.m. on Thursday, 29th April, 1948.