

APPENDIX No. 3

these: The savings of those people to furnish these loans are supposed to come from the people of that district, I take it.

The CHAIRMAN.—Yes?—A. Now is there anything in the experience of any part of Canada to indicate that the need for those loans in that section will be uniform? What I mean is throughout the year, so that the money will be used.

By Mr. Monk:

Q. If I understand your question, in the agricultural districts there is a period of the year where the farmer very often requires money and cannot get it except at exorbitant rates. The want of small loans is felt uniformly, I think?—A. In cities they must be for continuous industry, I suppose.

By Mr. Monk:

Q. For continuous industry or the setting up of a man in some new trade, the buying of tools and so on?—A. These are some points which I wish to raise in detail. I wish to know, because it is not stated in the bill, whether those deposits are demandable by the parties making them?

The CHAIRMAN.—Yes?—A. If the deposits are demandable and at the same time the money which is collected in that way can be utilized to set up a man in trade, where is the man to get the money when the deposits are asked for? The present system of banking has to look to that, as the core of the whole thing, namely, the necessity of having short loans, thirty days, sixty days, ninety days at the outside, in order that they may call in that money at any time. They must always have it coming back to them and consequently our Banking Act very properly prohibits the investing of the money in any line, such as mortgages, which will tie it up.

Mr. MONK.—Loans, made from banks must be reimbursed with short delay. They may be renewed once or twice, but at the second time they are supposed to pay up. In most cases of labouring men, and sometimes in rural districts, they cannot reimburse except on long terms.

Mr. BOURASSA.—They want more frequent and smaller reimbursements.

WITNESS.—Well, then, how can the deposits be payable on demand?

Mr. MONK.—The deposits are deposited in the bank.

A. But I understand that it is out of those deposits that the loans are made.

Mr. MONK.—Not necessarily. Out of the clear capital, I suppose.

A. That is all right. With that side of it I thoroughly agree. It is the banking feature I find difficulty with.

The CHAIRMAN.—Might I suggest that Professor Short should be made acquainted with the organization of the institution we have at Lévis on that plan, and be called again before the committee to give his views on the banking features of the Act.

Mr. MONK.—I wish to call your attention to two recent works of Mr. Pratt on the agricultural development in England, in which he says what they really require in England are those loan and credit societies in conjunction with the societies for production and consumption.

A. Well, it is true that the English banking system in that respect is not nearly so flexible as our own. However, you understand that I approve of the co-operative aspect of the measure, and it was simply the question of details. Perhaps there are one or two points in that.

Mr. BOURASSA.—If I understand you right, what you stated about the banking feature was not so much that there was objection to the provision of the bill, but that the needs of the country were not similar to those in Europe.

A. I can conceive of it applying to particular sections of the country, and that probably the only people who would suffer by it would be the shareholders, the founders of the society, if it does not work to the extent of their hopes. The point is where the depositors can get their money.