

they have banks universally able to finance the products of the producer, and consequently there is no limitation to the co-operative system by lack of facility for discount. There may be certain sections of Quebec province or certain fishing villages in Nova Scotia that possibly I am not quite familiar enough with the details of these to know of that, but I should think the number would be few. On the other hand, I understand that the Bill is a proposal for the encouragement of deposits by very small earners, and the utilization of those deposits for the carrying on of co-operative work. Then we have to ask what kind of business it is your proposal to carry on. A lot depends on the character of the business. If it is farming, people would require in a co-operative business a considerable amount of capital to finance their shipping at a particular time of the year, but at other times of the year they would not require that. There would be a strain, therefore, put upon the accumulations of these banks at a particular time, and during the rest of the year you would have a lack locally for the investment. As co-operation I don't think is likely in this country to go in for manufacturing and that sort of thing to any considerable extent, any such accumulation when the disbursement of the funds in hand is limited is of particular consequence. We had the difficulty occurring in the early history of this country, and to-day the chief aspect of the American banking system is that individual lending banks lend again for larger rates, with the result that you have a stringency and a plethora of money. The immense advantage of our Canadian system, and where it is superior to the American, is by having a single bank with branches all over the country, and the administration concentrated so that relief can be given where it is required. And there is this phase of the process, that it prevents that tendency to stimulate speculation and a natural development at one time of the year and to make for stringency in another.

*By Mr. Bourassa:*

Q. Is it not your experience that the result of the multiplication of these branches of a bank is rather to drain the savings from the smaller territories and concentrate them in the centre where the bank has its chief business?—A. You mean the exchange?

Q. Yes?—A. I agree to this extent, the savings of a particular section will be scattered throughout the whole country so that, for instance, take the section like Perth, in Lennox county, where a great many deposits were made and in the corresponding time there was a small outgoing, what would be the result? The people in that district would get money at a much lower rate than anywhere else in Canada and, therefore, it is true that the people of the Perth district have to pay higher—that is the average rate of Canada—instead of a plethora of savings furnishing them with an unduly low rate. I think that is the advantage of the system and that it is to the advantage of Canada as a whole.

*By Mr. Monk:*

Q. I would like to point out to you my experience as far as facility for poor people in rural districts or cities obtaining small loans leads me to the opposite conclusion. Our larger banks have branches in the rural districts and suburbs of large cities, principally for the purpose of obtaining the advantage of the deposits. It is impossible in Montreal for a labouring man or any person in the country, who may require a small loan to get tools to start him in his trade, to obtain credit from the banks. Don't you think the banking feature of this measure will enable these poor people, not only to get the advantage of discounts, but to get small loans which they cannot get now except through what exists to a very great extent all over the country, that is usually. That is one feature I want to call your attention to, and then banking is a very effective process for the poorer people coalesced together for the purpose of carrying on a credit and loan society, if properly carried out. It gives them facilities for getting money where it is needed, and their credit is good, and they are honest people, on favourable terms, and it enables them to learn thrift. Do you not think so yourself?—A. Yes, I fairly agree with all you have said, if the other conditions are favourable, which I take to be