

has to be responsible. If I go into a bank and the bank manager does not know me, but I have a good idea—or at least I think I have—and I put this idea up to the manager, the first thing he has to determine is whether I am an honest man and then whether I am a competent man and then finally whether having produced whatever it is that I wish to produce there will be a public demand for it at a price which the people are willing to pay and, of course, which will leave a profit with me.

Mr. FRASER (*Northumberland*): So that you can pay back the money.

Mr. JAUQUES: Don't you think if that man has to make a really responsible decision, if he makes a mistake he should be penalized for the mistake? You could not make a real judgment unless you knew that if you made a mistake your misjudgment would cost you something.

Mr. FRASER (*Northumberland*): He would probably get fired.

The WITNESS: Well, I would say this. Show me the man who does not make a mistake, and I do not know that I want him.

Hon. Mr. HANSON: Hear! hear! I agree with you there.

*By Mr. Jaques:*

Q. That is true. But he cannot continue to make mistakes.—A. Oh, no. We are not going to allow him to make a repetition of them.

Q. That being so, I must say that I do not know any other test of a man's fitness to form a judgment as to who should and who should not receive public credit than the man who knows that, when he is making that decision, if he guesses wrong he is going to pay for his mistakes. That being so, would you not agree that, if he guesses right—and what I mean by guessing right is that the enterprise results in a profit to the community as a whole—then having taken the risks of loss, he is entitled also to a profit when he is right?—A. You are speaking of the man in charge?

Q. Well, of the banker.—A. Yes. Well, I think this. Take the case of the ordinary transaction, and the local banker. A man goes in and he wants to make his first bid to get a line of credit. The banker may not know him. They have a certain safeguard or did have and I think they still maintain it. He says, "Now, John Jones, you are coming and asking me for a loan of \$500. I do not know you from a load of hay. I have seen you around town, but that is all I know of you. But I will endeavour to find something out." In the meantime John Jones needs this \$500 fairly quickly, and he simply says to him, "If you can fetch a backer in who will back the note for you, I will let you have it." But that banker, in ninety-nine cases out of one hundred, got to know John Jones afterwards.

Q. Yes, quite so.—A. You know that. He found out what scale you were farming on. He found out how many head of cattle you were running, what was your annual sale, and how you were managing your affairs. The local banker nearly always found out that. I have always found that the local banker almost knows everybody in a community, and he can tell you about their affairs and all that kind of thing. I still maintain, you know, that as far as the service within the confines of the policy that is laid down for the local bankers to carry out is concerned, in my opinion it has been very, very fine. I have always said that.

Q. Yes. I am glad to hear you say that, because that has been my opinion. Then really your quarrel—and it is mine too, I might say—is not with the local management?—A. No, no.

Q. Or even perhaps with the bank management itself. But it is due to the financial policy which possibly is beyond the control of the chartered banks; and you would be satisfied if that general financial policy was controlled by