

## APPENDIX No. 3

taking them over. In Britain the manufacturing side or productive side of co-operation is not very extensively developed, for that very reason again that Britain is more completely developed on the other side. Distributive co-operation is very strongly developed in Britain. In Europe the banking side of co-operation is very strongly developed through people's banks.

Q. Where?—A. In Europe generally, but not in Britain. When we come to America we find, as I frequently put it to my students, we have a co-operative system in our business, which, I take it, is much more developed than anything we have in Europe. It applies to the whole system. America is peculiar in that there is a remarkable fluidity of capital and labour. There are rural sections, of course, where people are tied to their farms, and other sections in which they are more or less tied to localities. America is a region in which there is a great tendency to move wherever improvements and opportunities offer of bettering one's position; accordingly they are not tied as they are in Europe. The consequence is that that tendency to contribute labour and capital in the same locality is not so necessary nor so developed. But at the same time in America there are special lines in which co-operation in the form indicated in the Bill is very necessary to supplement our process, and I take it that in that way there is a field for co-operation in America which is more definite, more restricted, but not less necessary, than in Europe in supplementing those lines. I notice that Mr. Ruddick was speaking when I came in of the fruit industry. That is a line where our ordinary commercial processes do not work very well in a good many ways. We have out in western Ontario, to my personal knowledge, a number of co-operative efforts in the agricultural line which have failed, or perhaps it would be better to say, which have been taken over by larger organizations. Others again have eminently succeeded, and many of those actually taken over were successes at first and were passed over into the other line. There is a greater tendency in that way I think in America to pass from the co-operative stage over into what I call the more normal stage. The transition, however, is a highly desirable thing. The action taken by the provincial governments, and to a certain extent by the Dominion government, and the action being taken by the Department of Agriculture—those are all very desirable features, because they enable the transition to be made from a more or less helpless condition round to one in which the possibility of taking it over altogether comes out. So that in all these respects I think the general principles of the Bill are very commendable indeed. There is one aspect of it, however, which I must say does not commend itself to me—that is as a general feature—and that is the banking phase of it. That aspect of it I think is not specially called for. Moreover, when we look at the operation of people's banks in Europe we notice that they are fostering and discharging excellent service for two reasons, because they do not bind a man to the ordinary banking system of the country, and furnish an opportunity for investment. I may, perhaps, characterize it in this way. If you take the difference between banking in Canada or the United States and Britain or the European countries, you find that in Europe the note issue is the great feature. The deposit business is comparatively small, the discount business not on the same basis as ours, but the loaning of capital in the shape of bank notes a feature. The thing is that the people do their business on actual currency. That is the point of difference. They don't put their money into banks in deposits; they hoard it up, and consequently it is only the larger business men who have dealings with the banks; the smaller people have their money stored away. That is notorious in France and in southern Europe. Here, people of smaller economic outlook and opportunity take advantage of the banks both as regards deposits and opportunities of receiving discounts. In America we have carried this to the highest pitch, and except in certain rural districts and in out of the world places it is coming to be absolutely universal for even labouring men to have their bank account, and to get discounts if they have any particular business to carry on. In western Ontario—I hope I am following the right line—I notice that co-operative agriculture and to a certain extent dealing and all that, works very nicely, because