

*By Mr. Woodsworth:*

Q. I notice that Mr. Darby suggests that a plan should be adopted such as the Federal Reserve, that is, that stock should be taken by the banks in proportion to their business. Might the result not be the same in that case, as I understand is the case on the other side, that the authority rests very largely in the hands of the banks and particularly in the hands of the large banks?—A. I think you must have the central authority in some hands. I cannot imagine it being in better hands than experienced bankers. Banking is a trade, and must be carried on along trade principles. I cannot imagine that any other kind of control would be acceptable. In addition to that, we have the experience of the United States in the last two years which has been pretty conclusive upon that point. I would go so far as to say that the Federal Reserve Bank, and the Bank of England have had an enormous and beneficent influence throughout the world.

*By Mr. McLean (Melfort):*

Q. Would you mind describing or accounting for the extreme deflation of the American farmer as compared with the comparatively sound conditions in Canadian agriculture, in its relationship to the Canadian banking system?—A. In what period?

Q. Say in the last five or six years?—A. I would say this, that a large proportion of that ground was covered in the evidence given to this committee in previous years. I would not be prepared to discuss the question of how far the Federal Reserve bank system has been responsible for or at the bottom of these increased prices. I think that is a very difficult question to deal with and hard to tie up, as a matter of fact.

Q. My brief study of the Federal Reserve in the United States, in the past two years, indicates to me that it has been unsatisfactory in helping the farmers on the land. I do not pretend to pose as an authority, but I would like to ask you what you think of it, during those two years, as compared with our perhaps more careful banking system, and smaller or lesser deflations and sounder conditions in agriculture to-day, in western Canada; do you agree that the Federal Reserve Bank has not been satisfactory in the last two years?—A. I think it is only fair to say that in the last two years my attention has been directed to matters other than banks, but I would say that there are a great many factors operating in the United States, other than the factors named, and you have to get at all the factors concerned, in order to arrive at a definite conclusion.

*By Mr. Robinson:*

Q. Can you say anything about the loan companies of Alberta?—A. I think, if I may say so, that the facts in regard to the actions of certain loan companies in Alberta, are fairly well known. They were dealt with at the last meetings of this Committee, and are on record. They have reference to the legislation referred to a few minutes ago.

Q. I thought it was on account of the Government issuing some telephone debentures, which would be considered a first mortgage?—A. It hardly seems to me to touch the original question at issue. It applies to a particular province.

Q. They cannot borrow from the banks on mortgages?—A. Quite so. Undoubtedly it has affected the situation. But it does not affect the whole question as dealt with in my memorandum.

The Committee then adjourned until Thursday, March 15, 1928, at 11 o'clock.