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lated by these by-laws, or if any trouble occurred, it would be exceedingly difficult to apply them with that accuracy which is necessary to fix responsibility. I should say, therefore, taking these by-laws as a sample, that since the real outcome is to place a great responsibility upon the officers and upon the committees, that responsibility had better be recognized frankly and located definitely rather than that such a complicated listlist of rules should be introduced which are not definite, and which mix up philanthropy and economics, and so on, in such a way as to render it impossible, I think, to apportion responsibility. Hence in these respects, I think if those by-laws were taken as a model for framing the others they should be very carefully gone over with that object in view, and the department should be very careful in considering what its responsibilities would be and how much supervision would be laid upon it. These are the general terms in which I should answer that question.

*By Mr. Smith (Nanaimo):*

Q. There are just two points I would like to put to you in connection with a statement you have made. Of course you recognize that a further factor in the operation of business is the interest a member has in the society. You would be managing the business of a man who had his own interest in it. Would that not give the society a security that could not be had in any other business?—A. I would answer that by referring you to the relative experience of mutual organizations where all the responsibility is cast upon the individuals.

Q. What society would you particularly mention?—A. Your point, I take it, refers to the general principle of men being themselves individually interested.

Q. I am referring particularly to the co-operative movement generally?—A. I think co-operative insurance, co-operative banking, and co-operative organization of any kind on a mutual basis is the point, and my reading, both in Canada and outside it, leads me to the conviction that it is not a sufficient safe-guard. I have had occasion, I may say, to trace Canadian currency—banking and exchange, and other allied institutions—right down through the whole history of Canada, and I have come across many examples in which mutual interest was not a sufficient safeguard; not because the people were not interested, but because after they had been running it a while they ceased to look after their own interests.

Q. Well, it has been very successful in other countries, as the public security has not been interfered with any more than it would be in a private operation?—A. There again you come back on the training of the people. The people of Europe are accustomed to minute control on the one hand, and where they are allowed to have their own say, on the other they take more interest in it. The diffuseness of interest among our own institutions in America is the chief characteristic. I do not say it applies to these institutions alone, it applies to all the higher ones. We have far more of the director who doesn't direct in America than we find anywhere else in the world.

*By Mr. Monk:*

Q. These mutuals present this feature, however, do they not, that they are spread over an unlimited district whereas the co-operative societies mentioned by Mr. Smith—?—A. Some of them, and some of them not. That is, of course, one of the defects, where they extend over large areas, but unfortunately you find them within the same districts—that is where the members can travel and be at the meetings if they care to. It was this defect that overcame the Grange movement in Ontario; all the people could be present.

*Mr. Smith (Nanaimo):*

Q. But this is confined to these specified areas?—A. Quite so. That is an advantage in one way, and a disadvantage in some other ways, but it is a matter of detail of course.

Q. I would point out to the Committee the fact that in certain sections of the country this system operates successfully; and in other sections where you have a