

APPENDIX No. 3

'In fact, few things could do as much to guard the business world against the financial crises which so frequently paralyze its industries as the general existence of institutions which tend to retain within the neighbourhood of its origin all the capital for which there is a potential local demand, and thus to keep it as fully as possible under the continued oversight of its owners.'

Do you concur in that observation?—A. Only partially; it depends on circumstances.

Q. As a remedy or a palliative for usury, if these societies are properly organized, do you not think they would have a very potent effect in diminishing the ills resulting from usury by procuring small loans to parties who are in favourable conditions of credit, if properly watched?—A. For certain classes no doubt, but for certain other classes who are the usual, the extreme, victims of usury, I do not think it would lessen the difficulty at all, because their credit and their position are such that it is just because these are uncertain that they fall victims. For others of those classes whose credit is good and character is good it would, certainly.

Q. Well, now, Professor, in the locality where I live, in the city of Montreal, you see many people whose credit is probably not very good, and who are in the hands of the usurers, but my experience has taught me that there a great many people who are poor but who are deserving of credit under certain conditions who are also the victims of usurers?—A. Undoubtedly.

Q. For that deserving class do you not think these institutions would be of use?—A. Undoubtedly.

By the Chairman:

Q. What I would like you to make very clear, because your evidence carries weight, is this: You have read the Bill carefully, and I suppose you have also studied the by-laws of the institution which exists already in the province of Quebec, known as 'La Caisse Populaire de Lévis.' Because of the principle or the view just now enunciated by you that there is in this country a difference in the social conditions of eastern Canada and some sections of western Canada, and for the reasons given by you as to the cause of that difference, would you not conclude that the passing of this Bill, with whatever modifications should be made of it, would be at least to the advantage of those sections of the country to which you referred a minute ago? The question is a long one?—A. I think I grasp the point. The Bill is one on which one might pass particular criticisms on particular parts which might be improved, but the system indicated by it is one in which much the greater importance depends upon the by-laws introduced, and the supervision of the department. If those by-laws are carefully drawn with two objects in view—one to facilitate the benefits of the measure for those parts of the country for which it is suited, and the other to prevent adventurers from taking advantage of it in other parts of the country where they are less known and may be able to victimize people more readily on account of that—the measure might be safely allowed to find its own adjustment in practice. This would result, I should say, in its being taken advantage of in those parts of the country where it was actually needed, and those may be expanded in proportion as the needs of those sections develop and its not being taken advantage of in other sections. But, as I say again, everything depends on the care with which the by-laws of these organizations, to be approved by the department, are drawn, and also on the supervision of the department. And as referring to the first part of your question, having looked over the experiment made by 'La Caisse Populaire de Lévis,' I find it an exceedingly interesting one and very instructive. But if I may be permitted to note the conditions under which it seems to operate, I should say that the operation depends much more upon the conditions under which it has been organized and the specialist who has made a very particular study of that and who has organized it apparently without much dependence upon the by-laws. The by-laws of that organization seem to me to be very defective in the sense that they are so vague and overlap in the powers in such a way that if the institution came to be closely regu-