

Ireland

age 8

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that the loans held by them from his department would in most cases be found to be irrecoverable. As a result of reports made by his inspectors, he appointed a departmental committee in 1912 to enquire into the whole matter. The report of his committee was delayed two years, and during that period the whole question of these banks was in abeyance. When finally published, the report, which, altho it contained much valuable information, displayed an extraordinary amount of ignorance of the whole subject, was found to recommend the establishment of a state-aided and state-controlled system of agricultural credit in opposition to that organized by the I.A.O.S. This recommendation was made in the face of the evidence of such recognized experts as H. W. Wolff and J. R. Cahill, and of all the I.A.O.S. officials. It was naturally condemned by them and up to the present nothing more has been done in the matter. It is to be hoped that in the near future it will be found possible to overcome the obstructionist attitude of the department, which is supposed to watch over the interests of Irish farmers, and to proceed with the reorganization according to local needs of the co-operative credit system in Ireland.

Centralization and Capital Necessary

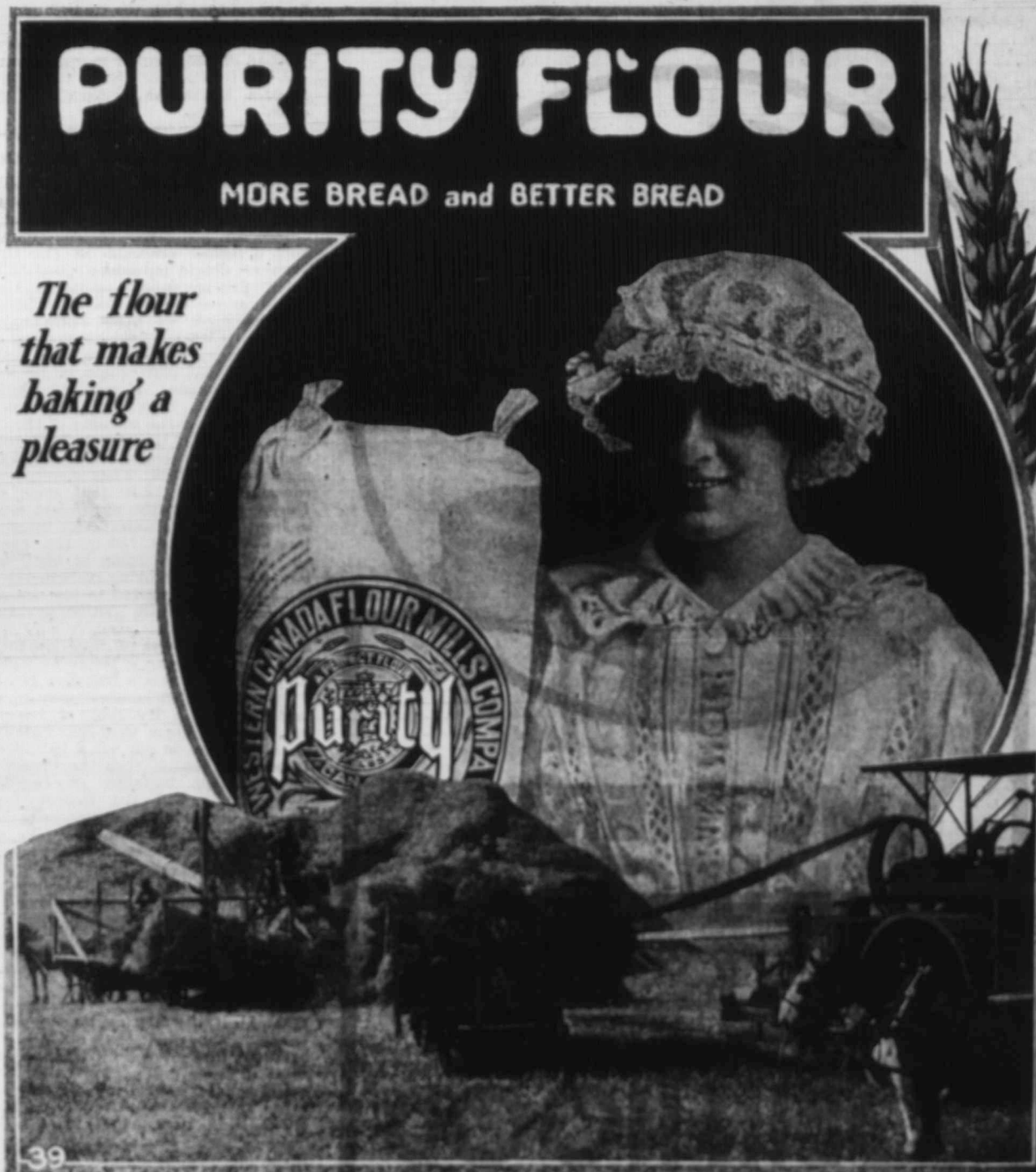
The future of these societies undoubtedly lies in their development as financial supporters for the other branches of the movement. The whole of the societies are seriously handicapped by the lack of capital and the necessity of according long credit to many of the farmers with whom they do business. In many other countries this difficulty is got over by the help of the credit societies, which are always to be found working side by side, usually with their offices in the same building with the supply societies, so that the co-operator who is a member of each one can buy his requirements from the one with money borrowed from the other. The local credit societies in such cases are combined into a central bank which acts as a clearing house for loans and deposits. In many cases such a central credit society is actually a trading federation in addition, but even where it is not it works in close contact with and helps to capitalize any trading federation which is in existence. It is highly desirable that some such system should be created in Ireland. A first step has been taken by the formation of a Central Co-operative Credit Society with its headquarters in the Plunkett House. This society has been rather over two years in existence, but up to the present its business has been very small indeed, in fact it has at present only a nominal existence. This will continue to be the case until the local societies are in a position to deposit with it their surplus funds, which can then be loaned out to less fortunate societies. At present there are practically no surplus funds owing to the small amount of the deposits in the local societies; on this point it may be argued that not enough attention has been paid to the matter. The original purpose of credit societies in Germany was really more the encouragement of thrift than the making of loans, they are called in fact Savings and Loan Banks. In Ireland the emphasis has been almost entirely on the loans and hardly at all on the savings. It seems that this is the point at which reorganization might well begin. Altho Ireland is usually spoken of as a poor country, it should be noted that during last year the amount of long-term deposits carried by the savings banks and joint stock banks was more than 80 millions, or nearly £20 (897) per head of the population. If only five per cent. of these savings could be brought to the co-operative credit societies the capital thus provided would make the whole movement not only self-supporting, but strong enough to dominate the country. Some students of the subject hold that such a result could never be brought about unless the state stood behind the co-operative credit system with some form of guarantee and possibly a direct subsidy, and undoubtedly this method has been adopted in many countries. But we believe that farmers should have sufficient confidence in the principle of voluntary organization after twenty-five years experience to entrust their savings to their own selected committees, and that they would do this if the co-operative credit societies were reorganized in the more prosperous districts on a limited liability basis with trading powers or at any rate in close touch with the trading societies and with a paid staff.

It may be well to remark in closing this

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