DEPOSITORS—NON-MEMBERS EXCLUDED.

Another reason why the shares of co-operative societies doing banking under the English law cannot be withdrawn, can be found in the fact that the Act permits these societies to receive deposits from non-members. As those depositors have no right to be heard in the management of the affairs, it is but fair that they should be protected in another way, hence that proviso. But as I am of opinion that, upon a question of principle, deposits should be received only from members, in order that co-operation should be complete everywhere, I would prefer to see the right to receive deposits from outsiders denied under the Bill before the committee, and in its stead to put in a proviso making all shares withdrawable, while a part only is so under the English Act. Having no deposits from outsiders, nobody could complain. The depositors being all members, could protect themselves by the exercise of their right to control the management and inform themselves thoroughly as to the real situation of the affairs of the society in which they are shareholders as well as depositors.

To sum up the above in a few words, I would say that in the credit societies organized under this Bill, the shares should be withdrawable, because, (1) of the formation of a guaranty fund in the shape of a strong reserve; and, (2) of the exclusion of non-members as depositors.

In the following extract, Mr. Wolff goes much further than I do and advocates withdrawable shares combined with the right to receive deposits from non-members. He says :—

'It allows us to do actually anything that we are at all likely to desire to do—bank, discount, take deposits from any one ; only we must not issue withdrawable shares. That restriction certainly appears to me a matter for regret. For, from a co-operative point of view, withdrawable shares are decidedly preferable to non-withdrawable, and they would go some way towards warding off the "unco-operative" practice, always apt to creep in, of levying toll upon incoming members at a progressive ratio, in the shape of a premium upon shares. The beau-idéal of shares in a co-operative concern is what the French call parts sociales fixed contributions, which do not vary in issue value.' (People's Banks, page 375.)

Speaking of the Switzerland people's banks, he states that retirement is made easy, members being even in several cases 'allowed to retire at any time without notice.'

The shares being after all under this system mere savings deposits, with, it is true, a certain character of permanency derived from the fact that they are supposed to be at the disposal of the society for a much longer time than ordinary petty savings put aside for daily wants, and as such having the right to a higher remuneration out of the yearly profits, the following quotation of Herr Schenck, a very high German authority on the matter, and approvingly given by Mr. Peters, applies fully to the present case :—

'But the question presents itself in quite a different aspect if we consider small deposits, the modest sums saved by the artisan, the labourer, or the peasant, sums which, if they remain in the hands of the owner, disappear or are wasted in useless or perhaps hurtful expenditure. Such sums are savings—bank deposits properly so-called. These, within the proper sphere of their operations, the associations should invite, should employ them usefully within the same sphere, and make them directly or indirectly serviceable to those who have accumulated them by their labour and self-denial. This is a duty to which the associations are called by their nature, their object and their own interests, and one whose performance assures them a regular and constant supply of money, deposits and withdrawals balancing each other. Experience has shown that in times of crisis it is not the savings bank deposits which are first withdrawn.' (Page 30.)

My own experience extending over six years in a similar society confirms abso-