

APPENDIX No. 3

you know exactly what you can in the worst case be made liable for. That £1 or £10 absolutely limits your loss. There can be nothing ulterior. And joined to this simplicity of business is the simplicity of business arrangements, bookkeeping, organization, and so on. Everything is simple, everything is intelligible.' (People's Banks, page 149.)

The association lends to its members and borrows from them by receiving their savings, either as shares or deposits. Nothing could be more simple, the more so still when one considers the conditions under which this is to be done. There is nothing, too, that resembles banking, properly speaking; nothing that has the risky character of such dealings, but everything tends to impress the mind that such an organization is rather a kind of economic family working in its own interest and for its own good.

Speaking of the success achieved by the 'Banca Popolare di Milano,' Mr. Wolff says:—

'Summing up the history of the bank, Signor Mangili ascribes its success to the gratuitous rendering of services by the officers, the non-limitation of its capital, the smallness of the payments exacted, the restriction of each member to one vote, the refusal of confidence to any member who has shown himself undeserving of it, the preference given to credit services over profit, and the exclusion of any hazardous operation.' (idem, page 219.)

These causes operate to the same extent if not to a much larger one, in any association, however small it may be. In fact the smaller it is, the more indispensable is the rigid application of the above principles, the outcome of experience and wisdom.

SUCCESS OF THE CO-OPERATIVE CREDIT ASSOCIATION.

Without giving an elaborate statement on the great success of these institutions as evidenced by their spread in all civilized countries, with a very few exceptions indeed, it would be interesting to have a general survey of the situation as outlined by the authorities who have made a special study of the question. Although the data upon which they based their appreciation are almost ten years old, nevertheless they show a magnificent record. And far from having been stationery since, the movement has steadily grown in surface and in importance during the last decade. France alone has more than tripled its then record, and Ireland has since taken a prominent place with its 230 agricultural banks organized through the valuable and noble work of Sir Horace Plunkett and the Irish Agricultural Organization Society. India has also began the good work by the passing of a law on co-operative credit, and the formation of a good many such local associations, as evidenced by the report of the Registrar quoted elsewhere.

In case I may be taxed with being too enthusiastic about the results of this movement, I beg to specially draw attention to the following lines borrowed from as great an authority as the Indian Committee, presided over by such an eminent financier as Sir Edward Law, minister of finance of India, and having in its membership the manager of the Commercial Bank of Calcutta, Mr. Reginald Murray. This report says:—

'The "agricultural banks" which have been so successful in improving the condition of the poorer classes in European countries rest upon co-operative credit, and we have confined our attention to banking on this basis. In concluding that a system of co-operative credit is capable of affording great benefits to the agricultural community of this country we have the general support of the opinions expressed in the reports recently received from local governments which we have had the advantage of consulting.' (Page 1.)

In Italy the movement has evinced a marvellous vitality and has produced results that have provoked the admiration of such an eminent economist as M. Léon Say, late Minister of Finance in France. In his book, 'Dix jours dans la Haute Italie,' in the opening page, he states:—