

APPENDIX No. 3

false colours, styling themselves joint stock companies, and altering the figure of their "limited" capital from year to year, in order to comply with the law. That helps to explain the comparatively slow progress made up to the date named.

'In spite of all these hindrances, M. Luzzatti—after a little co-operative experiment made in connection with a friendly society at Lodi in 1864—late in 1865 decided upon starting his first people's bank in Milan. And on the 25th of May, 1866, he opened the doors of his modest little establishment in a small hired room. It was a puny little affair. The bank had but £28 for its capital—oddly enough, precisely the same sum with which our Rochdale Pioneers entered upon an economic reform destined to revolutionize commerce. "Moi, je souscrivis 100 lires, j'étais le millionnaire de la bande." Of course they could employ no paid clerks or officers; all work must be gratuitous. But there was a good will at the back of the enterprise. "Half my heart," long after said M. Luzzatti himself, 'is wrapt up in the People's Bank of Milan.' (People's Banks, page 214.)

And that association is now enjoying such prosperity that it is a subject of admiration for all the political economists who have studied its working and its results. An humble beginning is not a fatal obstacle to success.

Some may argue that the modern tendency of trade and industries to concentrate is such that these institutions would be useless. Mr. Wolff quotes an instance which does away with the argument. He says:—

'The Banque Populaire of Verviers ought to be of peculiar interest to us, not so much because in little time it has grown to be the largest people's bank of Belgium—numbering last mid-summer 2,995 members, as because it has set up its counter in a manufacturing town organized to all intents and purposes like a manufacturing town in Great Britain. Sceptics in this country will insist, without looking sufficiently into facts, that we could not set up co-operative credit in this kingdom, because we have "no small trade." It is the small workshops of Liège, Milan, Leipzig, so they will have it, which support these co-operative banks, and alone make it possible for them to live and thrive. In our British towns, where industry and trade are for the most part concentrated in large workshops and the small artisan of abroad becomes the salaried "hand" or foreman, such a thing, they say, would be impossible. Well, here is a town with large workshops only. Out of its population of somewhere about 50,000 as many as 40,000 are "hands" working in those large cloth mills and yarn factories which employ 160 steam engines or more, and turn out annually above 400,000 pieces of cloth, besides yarn, clothing the entire Belgian army, and exporting at least £3,000,000 worth into the bargain. Walking in the busy streets of Verviers, you might fancy yourself in Bradford or in Leeds. Well, the Banque Populaire has set up its mensa argentaria in the midst of these shop-hands, and has gathered together more members around it than any other people's bank in Belgium. Up to 1892 the Bank of Liège, working among a population of 160,000 inhabitants, in the very home of small trade, maintained the lead. Now Verviers has outstripped it considerably. Brussels, with its 184,000 population; Ghent, with its 152,000; Antwerp, with its 240,000; Malines, with its 52,000, all rank after it, notwithstanding that they have more small trade. It is really not the "small trade," it is the understanding and appreciating the co-operative principle which makes a co-operative bank to thrive. In its composition the Verviers bank is thoroughly popular and "democratic." There are, it is true, among its 3,000 members, 449 "rentiers," but most of these are, I believe, small men, retired from work or business. There are 446 small traders. There are 6 doctors, 26 proprietors of cafés, 33 small manufacturers, 188 counting-house clerks, 117 small cultivators, 76 teachers, 2 priests, 2 sacristans. All the rest may be described as workingmen and working women. And with such a constituency, the People's Bank of Verviers does a business exceeding in volume the business of any other People's Bank of Belgium, excepting only that of Ghent, which as I shall show, is really not a "people's" bank at all, but a co-operative capitalists' bank. The business of Verviers amounted in 1895 to 33,707,506 francs (£1,348,300), as against 15,348,522 francs reported by the People's