

'Even co-operative loan associations, it has become plain, from experience collected, more especially in Italy, must not step outside the district within which they are genuinely local and co-operative, unless they would miss their effect. Co-operative banks endeavouring to extend their work over a wider district by means of branch offices, where there was not sufficient touch, found themselves making a loss. The branch districts afterwards organized their own independent banks, based on touch and mutual knowledge of one another among members, and the new institutions thrived. The losses sustained by co-operative associations in Germany in the course of their operations occur almost without exception amongst such as have attempted to work outside their own district or without a recognized district at all.' (Page 23.)

Mr. Peters is of the same opinion, and affirms that co-operative credit associations must be 'essentially local in their character. From this it results that the members—especially in the smaller country towns—are to a great extent personally known to one another; while the managers are also well known to the members, and have themselves the best opportunities to learn the character and circumstances of every applicant for a loan and the reputation of every new candidate for membership. Their loans, too, are made in the very district—and that of limited extent—within which their membership is obtained; so that the securities upon which they depend can always be kept under observation.' (Page 115.)

This shows conclusively that that principle should be strictly enforced. To depart in any way from it would be a fatal mistake that would tend to destroy the very foundation upon which 'those associations are to be built up to be truly co-operative in character and in fact, not mere speculators' concerns got up for profit's sake derived at the expense of an innocent and deceived public, led away by the word co-operation without the substance.

THE RATE OF INTEREST.

Happily here the question of the rate of interest is a very secondary one, as it is to be settled by the interested parties themselves. However, it is well to say a word or two with reference to it. Generally, the rate is fixed by the board of administration elected by the members. In arriving at a conclusion the board have to consider the average rate of interest prevailing in the district for loans and the necessity of rewarding 'the thrifty who provide the funds. This is an easy question to solve to the general satisfaction of all concerned, for no such society can be in a position not to offer greater advantages than any money lending individual or institution, on account of the very modest expenses of management. As Mr. Peters points out:—

'Even where the rates of interest obtained by the co-operative banks seem somewhat high, they are usually far lower than those paid by the same classes of borrowers before these institutions appeared. Moreover, under the new conditions, the high rates operate effectively as an extra inducement to saving, and by thus increasing 'the supply of capital and the consequent competition among lenders, they tend to their own cure.' (Page 15.)

It is nevertheless needless to insist upon this point, as the members of the association have the matter in their own hands and can make their opinion prevail whenever they wish by electing a board representing their views on this point as upon any other.

SUCCESS OF CO-OPERATIVE CREDIT ASSOCIATIONS BASED ON SIMPLICITY OF BUSINESS AND WELL DEFINED RULES.

Taking a general survey of the question, to what must be ascribed the wonderful success of that form of organized credit? Mr. Wolff answers this question as follows:—

'Lastly, there is the simplicity of business. Raiffeisen rules most positively interdict "banking," or business, or risk, or speculation of any kind. Their "business" is simply to lend and to borrow. If a loan should go wrong, under such circumstances