

rows the money is not at all aware of the fact that it is from the Imperial Bank that he procures it, because he collects it from brokers and dealers who act as intermediaries. But these men would be wholly unable to grant the credit had they not got the Imperial Bank at their back—an institution strong enough and willing to grant such inconveniently long loans.

‘Other bankers who deal in credit to agriculture entirely confirm Dr. Koch’s statement. “L’échéance agricole,” so remarked to me M. Scotti, director of the People’s Bank at Acqui, which does mainly an agricultural business, “n’est que nominale.” Losses are infinitesimal. But you can never tell when the money will come back to the bank. So it is at Lodi, at Cremona, at Rovigo, at Augsburg, at Gotha, at Cosel, at Insterburg. At Insterburg, I have found that there were agricultural loans outstanding which had been running for more than fifteen, even up to twenty years.

‘Agricultural credit then is a kind of credit which it is not worth the ordinary banker’s while to give; in the first place, because it is asked for an inconvenient length of time—a time which may be altogether uncertain, and which will certainly be too long for occasional lending and too short for permanent investment. The banker and the capitalist lend as a matter of business, not as a matter of philanthropy or public duty. Conditions must be made somehow to square with their interests, or they will have none of it. There is no other unwillingness on their part. They are ready to undertake any business which will keep them safe and give them market value for their money.’ (Page 68.)

The conclusion which one cannot escape is that credit has to be organized under a special form to suit special conditions and circumstances, and that co-operation, alone can adequately answer the purpose, without injuring in any way the banking operations, on the contrary, in helping them by the general prosperity that would result.

CO-OPERATIVE CREDIT ASSOCIATIONS MUST BE ESSENTIALLY LOCAL.

One of the main principles which must be strictly adhered to is that a co-operative credit society should always restrict its operations to a very limited area, a municipality or a parish, as the case may be. It must be a local organization to be safe and successful. The force of this rule has been proven again and again; it has been confirmed by prosperity to those who have followed it, as well as by disasters to those who have been tempted to violate it, in the hope, no doubt, to increase their profit. The very nature of such an organization prohibits any very extended area, and the moment this is neglected, other methods much inferior from the point of view here set out, based on pure commercialism, have to be adopted to comply with the necessities of a new and wider field in order to avoid ruin. The same safeguards no longer hold good, because the situation becomes entirely changed, and the results must inevitably be of a doubtful character. Where safety was the rule uncertainty prevails, and credit becomes timid on account of the ignorance in which the association is about the good reputation and honesty of those appealing credit to their help.

As stated in the following quotations, this form of co-operative association must be essentially local in all respects to be sure of a successful career.

Mr. Nicholson states as follows the numerous advantages to be derived from such local institutions:—

‘Of all these classes of banks, those established on co-operative and possibly communal principles, are most strongly recommended, in that they promote not merely cheap and facile, but safe credit, that they admit of grouping the banks into unions for support and mutual assistance, that they develop thrift, temperance and foresight beyond all other forms of bank, that they are consonant with the ideas of village life and associated village effort, that they tend to prevent the too rapid or complete disintegration of the village into individual units, that they develop joint action in matters even more essential than credit, that they tend to substitute helpful co-operation for the struggle of competition, and that they teach unselfishness, mutual assist-