

right to decide previously any case having an important bearing upon the well-being of the association. Mr. Wolff says:—

‘Co-operative banks being, as has been explained, specifically “customers,” not “proprietors,” banks, the first point to be kept in view in devising an organization for them will, as a matter of course, have to be, to make sure that the customers’ interest are adequately protected and really made paramount. There can be no “board of directors,” holding the helm, more or less in independence of the members and restrained by merely a doubtful responsibility. The supreme power as regards the government of the bank and jurisdiction on all issues which may arise must be absolutely vested in the general body of members, which must be in a position to hold its officers fully responsible and to re-hear cases decided by them. The more this democratic principle is actually brought out in practice, the more the fact is emphasized that the bank is the bank of the members, to be administered for the members, and virtually by the members, the better is the bank sure to thrive. There cannot possibly be any better protection to the bank for the security of the values which it administers than a keenly awakened interest and sense of responsibility and solidarity existing among the members, every one of whom should, if possible, become to some extent vigilant watchmen over its interests. Nothing is calculated to awaken more vividly what is known as the “co-operative spirit,” nothing is more certain to ensure the realization of the ulterior object of the bank, that is, the suggestion to members of co-operation for other purposes, the mutual support of one another with such power as each may stand possessed of, in all affairs of life to which combination is applicable and qualified to lend additional force.’ (Co-operative Credit Banks, page 38.)

This constant and possible interference of the general assembly is made practicable by the small territorial area assigned to the association, a meeting being thereby always a very easy matter to arrange whenever such meeting is deemed necessary or advisable.

It is apparent that the officers are to carry out but the instructions given to them by the general body of members, as it is also part of their duty to submit for the approval of the general assembly whatever measure they think should be taken in the best interests of the association.

#### BOARD OF CREDIT-MEMBERS NOT ALLOWED TO BORROW.

In order to better safeguard the association against any possible abuse, it should be positively stated in the by-laws, if not in the law itself, that those who are called upon to decide who shall have loans and who shall not, should not have the right to borrow. It is undoubtedly a very delicate and dangerous right to exercise, above all when one has to pronounce upon his own credit, and in spite of the inconveniences that would arise in some cases, it would be a great mistake not to deny that right to those who are to fill those grave functions in a co-operative society. Too many evils of a contrary practice have resulted elsewhere not to take a wholesome lesson from these evils and prevent them by all possible means.

The members of the Indian Committee have been struck with the force of this safeguard, for they said in their report:—

‘In urban associations the president should not be allowed to take loans during his term of office, and in both village and urban associations no member of the committee should be allowed to adjudicate upon his own application for a loan.’ (Page 6.)

Thus it would be seen that the committee did not think necessary to go as far as as I am suggesting by inserting a complete prohibition against the officers ministering the loans to be made; however, I am so convinced of the necessity of such a prohibition that I would consider it a fatal mistake if it was not enacted in a clear way.

#### COMMITTEE OF SUPERVISION.

It has already been stated that in these co-operative associations the supreme authority is exercised by the members themselves in general meetings, and the powers