

Our social environment required us to make certain changes in the European system. In particular, a somewhat different basis was adopted in connection with the formation of the resources to be created, a basis designed to stimulate highly the spirit of thrift.

At the outset the limitation of the activities of a people's bank and the restricting of its membership to a small area was determined upon. This small territorial unit was chosen because by its very nature, except in large cities that are ports for immigrants, it is not liable to frequent and rapid changes of population, and also because—and this is an essential condition of success—it offers opportunity for members to become known to one another. They can therefore form sound judgments of the moral and economic stability of their fellows. This limited area may in rural districts be either that of the village or the township, or in cities that of a religious or fraternal organization, the municipal ward or the neighborhood. Such a unit offers the essential conditions of success. The intimate relation of parishioners or, under ordinary static conditions, of members of the same municipal district, provides the best means of acquiring a good knowledge of the character, honesty, integrity and moral habits of the members of the banks. This factor of success has proved its value in other countries, and although our communities differ much from those of Europe, still it applies to many groups in America. There is no reason why these elements of strength and of success should not be used here for the promotion of people's banks. But since a certain portion of our population is unstable, it goes without saying that great care and prudence should always be exercised in establishing a cooperative bank, especially in the granting of membership and credit to newcomers who may not be well known to their neighbors. That a certain percentage of people move from one locality to another and 10, 20, or even 30 per cent. of the population are more or less unknown to their neighbors, is however, no reason for depriving the stable portion of the population of the benefits of such a credit association.