

The Co-operative Credit Bill

The Canadian Grocer, the organ of the Dominion Retailers' Association, of the 10th, of February, publishes an alleged synopsis of the Co-operative Credit Bill now before the House of Commons, and in favor of which petitions have been circulated in and sent from the Western Provinces. Attention has been called to this article, apparently by the Retailers' Association. With the text of the bill in hand there is no hesitation in qualifying the synopsis as a barefaced attempt on the part of its author to mislead and deceive the public.

Scope of Co-operation

Consider the object and scope of co-operative credit. Several months ago, there was reproduced in The Guide a very able paper by one who is considered as the highest authority on this continent on such a question, according to the New York Bankers' Magazine, which first published this paper and strongly commended it to its readers. In this paper, Mr. A. Desjardins gives a clear and precise statement of the nature and of the beneficial character of the institutions organized with a view of distributing credit co-operatively. It may be useful to briefly set forth here the main features of these wonderful good producing societies which are known and spreading all over the world, working by the thousands in Europe and even in Japan and India, and which would be a boon for agricultural classes in Canada as they have been in all the other civilized countries where they have been established.

High Authority

Quite recently the National Monetary Commission, of Washington, who has made during the last two or three years the most extensive inquiry ever held on general banking, has issued in over thirty volumes, and the series is not complete, the highly interesting results of its labors. Among these a paper dealing exclusively with the Co-operative People's Banks of Canada written by the gentleman above named, for the subject deserved such a distinction on account of its extreme value from the view-point of the working classes, but showing, at the same time, the importance of the question. In reading the article of the Canadian Grocer, no one would dream that such importance could be attached to the institution that the Bill here referred to seeks to legalize all over Canada. Still such is the case, and assuredly, nobody would attempt to deny the high authority and the financial ability of the members of the National Monetary Commission appointed by President Roosevelt, and no one can imagine that if these institutions had been, in the estimation of such gentlemen, but a scheme to defraud the public, they would allow such a widespread advertisement and commendation given to it.

Origin of Co-operative Credit

The perplexing problem of adequately and safely supplying the financial needs of the laboring and farming classes is one that has long attracted the attention of thinkers and philanthropists. Very many attempts had been made in the course of time to come to their rescue, but none was a lasting and complete solution of the problem. It was only in the middle of the nineteenth century that a practical method was evolved, and that the true principle was found upon which to build up the regime of banking that would suit and cater the wants of the masses. To two German economists and philanthropists is due the credit for these institutions. Schulze-Delitzsch and Raiffeisen, both without concerted action but animated with the same idea of helping the victims of usury and of capitalism, devised systems, similar to a large extent, whereby the use of credit, so advantageous in the higher sphere of trade and industry, could safely be extended to the farmers and others. These systems are based upon the principle of self-help, so fruitful, in fact, the only safe one upon which one can always rely. The first society or bank of that type was organized about 1848, and after some years of experiment, the new system proved so good that it spread all through Germany and within the last thirty years its growth has been so wonderful that, in its various combinations, it has taken a firm root in all the European countries and even in Asia.

America is still behind but will soon make up for this tardiness in accomplishing more rapid progress, when the system is fully known and appreciated.

The Co-operative Idea

The central idea of this system is a very simple one indeed. It consists in the individuals of a given area forming a society with the object of putting in common their available assets and savings; instead of hoarding them or depositing them in a bank where they profit for the benefit of the shareholders only. The area is determined carefully by the interested parties themselves, and, according to the rules that are adopted by the members of such society, none but honest and trustworthy individuals can be admitted by the board charged with the duty of controlling such admissions. Good care is taken as to the character of the members because it is a co-operative

society, or to the loan companies at, not seldom, an enormous if not ruinous cost.

Shares and deposits are the sources from which the funds come, but both are to come from the members themselves, thereby enhancing their moral value by thrifty habits.

Withdrawable Monies

Shares as well as deposits are withdrawable because most of the members of a co-operative bank are not supposed to be wealthy individuals, able to buy but transferable shares which may or may not find a ready market when need be to realize their value. This withdrawable feature need not be considered as an obstacle to the banking aspect of the question, because, in the nature of things, the withdrawals will not likely be made at the same time, nor in such large proportions as to impair the power of the society to help its borrowers in their

generally three boards, each having very distinct duties to perform, assuring the safety of the funds and the prosperity of the association.

Managers Independent

One feature deserving special notice is that the members of the board of credit which deals exclusively with the loans made by the society, are not allowed either directly or indirectly to borrow one dollar of the funds entrusted to their management. This is a safeguard worth the serious consideration of every one, for most of the disasters that overcome financial institutions are brought about by directors borrowing larger sums than they should be allowed to, because in a board it is a very easy matter to induce a colleague to grant such loans, when he can be told to be lenient, in order to be favorably treated when borrowing himself, which may occur the next day.

A special board, called "of supervision" has exclusive control of the audit of the books and of everything pertaining to the management of the affairs of the society and to the rigid instructions given from time to time by the general meeting of the shareholders.

The duty of the board of administration is to see that the law and rules are complied with, and every year at least, that board must make a report to the shareholders. But the general meeting is here the supreme authority and intervenes as often as it is seen fit.

Control of Manager

The manager is chosen by the board of administration and his authority is very limited. He cannot loan one dollar unless specially authorized to do so by the board of credit, and that board must be unanimous. The manager having the safekeeping of the funds and books has to give a bond either in an insurance company or in another form, at the discretion of the board of administration.

The General Meeting

A word now of the powers of the general meeting which is, as already stated, the supreme authority. The society is formed among the population of a determined and comparatively small area, and thereby the members know one another or are in a better position to know reciprocally the character of each associate. No proxy is allowed, except in case of a corporation owning shares, and why this exclusion of proxy? Because the area being relatively small, every one can attend the meetings without much inconvenience and expense, and because the society being primarily an aggregation of individuals, not of mere dollars, as in the ordinary banks, the individuals have to speak for themselves, just as they have to do in elections, either parliamentary or others, where nobody has ever thought proper to ask for the right to vote by proxy. The inconveniences in one case are no greater than in the other. But this exclusion of the proxy system prevents an individual from having a weapon with which he could influence the decisions of the general meeting contrary to the wishes of the absentees themselves who have entrusted him with their proxies, as is too often the case, above all when the bearer of such proxies has a selfish object in view. This proviso is rightly considered as one of the best safeguards that can be devised to protect the interests involved. It has also this great advantage of inducing the members to be present at the meetings and interest themselves more and more into the affairs of their society. This is proven by the experience of over half a century.

Power of Shareholders

The general meeting has to fix the amount of shares and of deposits that a member can put in the society. This is done to prevent one from being able at any given time to influence the society by threats of withdrawing his funds if his selfish views are not complied with. The same meeting fixes the maximum amount that the board of credit can loan to a member, no matter how trustworthy and solvent he may be. For instance, if the meeting decides upon \$200 being that maximum amount for the ensuing year, no borrower would be able to have or to owe at once more than that amount;

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A SONG OF PROGRESS

By Bert Hoffman

The world is tired of the mourners;
It is weary of eyes that weep;
It is tired of the drones who 'round old thrones
Their meaningless vigils keep.
It is tired of the plaint and pleading
Of those who have no wrong;
Of those who were given the gifts of Heaven,
To gladden Life's way with song.

It is weary of dirge and chanting
At the tomb of a Yesterday—
By the ones whose creed is the pardonless deed
Of casting the hours away.
It is hungry at heart for music—
For the thrill and the glow of life—
For the glad return of the breasts that burn
In the danger and dash and strife.

The battle is raging 'round you;
Keep out of the way, or fight;
The chargers in rank stand flank to flank;
There is room if you fill in right.
The sting of the sword-thrust gives you
A thirst for the victor's crown;
Bend not o'er the dead beneath your tread—
You must strike if you'd win renown.

The world is not made for mourners—
Is progress the child of tears?
No music is wrought from the harp that is fraught
With grief for the wasted years;
The upward stride of the sinner
Is better than the wail of the saint;
The creed of the world on banner unfurled,
Is action—not complaint.

Crowd outward into the dawning—
Climb swiftly the sunlit slope;
That your heart may fill with the nameless thrill
At the birth of a burning hope.
There is no room for the mourner
At the banquet hall of years;
At the victor's feast, where Work is priest,
The armor is lord over tears.

credit society, not a mere loaning association organized with the view of exploiting the public. One readily sees how far this is from the conception of the writer in the Canadian Grocer.

How Money is Loaned

The funds so accumulated are loaned out to those of the members who happen to be in need of money either for a short time or for a more or less long period, always in accordance with the rules that are adopted and based upon an experience of more than half a century of an uninterrupted success in all countries and under the most trying circumstances. Thus it is seen that the funds so accumulated are utilized to meet the needs of the very classes from which the customers of the banks are drawn. In other words the savings of the farmers or others workers are put at the disposal of those who, among them, may happen to be in need of borrowing for provident and useful purposes, thus preventing their appeal to the professional money lenders or

ordinary needs. Experience has demonstrated that in an uncontroversial way. Moreover, one has only to consider that Canadian banks are doing ninety per cent. of their business with deposits which are, after all, but borrowed money reimbursable at call, and if the banks were to make advances to their customers with their own funds only, the volume of their transactions would be, indeed, mighty small compared with what it is now.

One Man One Vote

As a co-operative bank is an association of individuals, not an aggregation of capital, each member has only one vote, no matter the number of shares he owns. Moreover, to enforce still more this principle which is a great safeguard for small shareholders, always the more numerous, the vote by proxy is strictly prohibited. The amount of the each share is usually small, in order to facilitate the admission of every honest man, be he even poor or in easy circumstances. The affairs of the society are managed by

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