

CO-OPERATIVE OR PEOPLE'S BANKS.

Conclusion of Mr. Desjardins' Article.

I may be told that in a panic these banks would be upset by runs. Is it likely? Experience has shown the contrary. When are the shareholders of a bank upsetting their own institutions? No, it is the mere depositor, not the shareholder, that loses his head the first, and do not forget, gentlemen, that in these co-operative banks there is no depositor who is not also a member. But experience, I said, has proved that this fear need not be entertained. In 1893, Italy was in the turmoil of the greatest financial panic ever seen there. The largest banks were falling down like corn under the mower, and people were so panic-stricken that in many cities thousands upon thousands of depositors spent whole nights waiting at the doors of the banks to draw their money. And while this was going on, another stampede was taking place at the Banche Popolare or people's banks. But the storm was of a very different character. It was a rush of people to deposit, and the managers of these co-operative institutions—frightened by the enormous and rapid accumulation of funds for which they had no employment—were fighting with the very same people desirous of depositing the money just withdrawn from the other banks, willing not to receive one cent of interest, but for the mere advantage of putting such funds in safety. It was with a very legitimate pride that Luzzatti, the father of the Italian People's Banks, who twice has been Minister of Finance of Italy, could proclaim, later on, that not one of his banks had failed or was even run upon.

Your financial organization is a more elaborate one. The State, National, and Savings Banks, and, lately, Trust Companies, all so prosperous, are the outgrowth of your greatest minds and of experience. Your building and other loan societies are doing well, I am happy to say so. All these large monetary organizations, though beneficial to the public, are, nevertheless, based upon a principle which is scarcely acted upon in the management of all your other public affairs. If I mistake not, the managers of these public affairs, whether political or municipal, are not self-chosen, nor selected by and out of a few privileged individuals, but by universal suffrage or something very close to it. If, on the other hand, you turn your attention to the economic affairs, is it not quite a different principle that prevails, whereby the masses of the people so powerful in the higher sphere of national life, are kept almost aside with an opportunity of acquiring by practical experience a knowledge that would redound to the immense advantage of all without injury to any. And this result is brought about by rules that gives to the few because they have the capital, the means of dominating, and, perhaps, tyrannizing the many, being

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