

with a view to prevent misgivings and operate as a safeguard in certain critical circumstances. Besides, members are also at liberty to deposit other small savings bearing a fixed rate of interest, equal generally to the current rate in the locality for such deposits. These deposits as well as the funds accumulated by the payment of the shares are used for loans to members, taking always good care to keep a reserve on hand of from twelve to twenty per cent. of the general assets. This reserve is, of course, deposited in ordinary banks, benefiting thereby the larger institutions, for it must be admitted that most of these funds would not have otherwise found their way to the banks. The percentage varies and experience shows what amount should be constantly available in order to meet readily all demands of withdrawals or loans. In my practical experience of eight years with the working of such a society in Levis, I have always found that from ten to twelve per cent.—even seven to nine—was quite sufficient to meet all the possible requirements of the members.

These societies do not deal with outsiders, that is to say, they do not take deposits from or grant loans to the general public. They deal exclusively with their own members, and no one can participate in their benefits, unless he be admitted as a member. This condition adds a new safeguard in the granting of loans, admission being allowed only after the applicant has showed that he possesses to a reasonable extent the required qualities.

With regard to the loaning aspect, there is a striking feature to which your attention should be specially drawn, and that is that the small loans have always the preference. It

is held that the larger borrower is supposed to have a better chance to secure elsewhere what he wishes than the smaller one. Thus comes in the golden rule of benefitting the many without injury to the few. Moreover, being divided in very small amounts, the loans stand a far better opportunity of being faithfully reimbursed than would larger ones, a greater number of people being pledged to the repayment of the total sum loaned. In order to facilitate the reimbursement, the instalment plan is always preferred by these societies. It is a great advantage for the borrower and a better security for the society, as every instalment enhances the value of the loan.

The amount that can be loaned at once to one member is always passed upon at the annual general meeting, having regard to the funds available and the necessity of providing useful employment for all the monies at the disposal of the society.

The rate of interest is fixed in certain such associations by the general meeting, but as a matter of fact experience has shown that this practice is not the best one that can be adopted. The number of borrowers are most of the time a minority in such societies and, therefore, the majority being those under the impression that they will not appeal for any loan, would seek to insure the highest possible return for their savings at the expense of the minority, by deciding a rather high rate of interest on such loans. The best way is to leave the matter in the hands of the Commission of credit, the members of which have no personal interest to serve, being deprived of the right to borrow, and who will only endeavor to strike a fair and reasonable rate.

With reference to the much discuss-