

but after all it is a matter of mere good common sense and prudence. If bankers were told that they cannot utilize at all those funds because they are liable to be withdrawn at any moment, they would not pay interest on such idle funds, not being able to afford it without the profits derived from the loaning of them. Moreover, the bank deposits must be considered, coming as they do from the general public, not particularly interested in the fate of the banks, or concerned with the possible outcome of prompt withdrawals, as of a more risky character from this point of view than would be those that would be attracted by the co-operative credit association, as they inevitably will be, as shown by the experience of Cypress and India. The depositors in these latter being the very interested parties, it is not likely that they would act rashly or with the same stiffness as a bank depositor is liable to do because he does not care whether the bank be embarrassed or not.

Again, working in a small area among people knowing each other there cannot be any movement susceptible of producing large withdrawals without it being discovered long before the consequences are seriously felt, so that ordinary precautions could be taken to meet any such emergency, although such is very unlikely to happen.

LIMITATION OF THE MAXIMUM OF SHARE CAPITAL A MEMBER MAY HOLD.

In connection with the question of capital there arises another one of a very considerable importance, that of the limitation of the maximum amount that a member may hold in shares.

The English Act states that this amount cannot be higher than £200. To understand the meaning of this strange restriction, it is necessary to know why it was put in the law. Obviously the object was to prevent speculators from having the control of the society and managing it, not as a co-operative association, but as a mere joint stock company, trying to get from it as much profit as they possibly could at the expense of the general public and perhaps of the rest of the members who happened not to have deserted the society. That such object is a laudable one none can deny. But is that the only way whereby that object can be attained? Most assuredly not. A more commendable mode would be to restrict the right of voting to one vote only. And this the English law does not. It would insure the object in view in a better way without the injury of curtailing the right of the members to continue to invest their savings as they choose, and of depriving the associations of a larger flow of funds with which they would work to better advantage and so make the shares more profitable. This restriction should not exist, above all, in a co-operative credit association. In fact, why not give the widest possible scope to thrift, one of the two main objects of such a society being precisely the encouragement of thrift. Between the two modes of preventing speculators taking control of a cooperative credit association, the one by limiting the amount of shares capital allowed to a member and the one vote system—I humbly suggest the latter as affording a surer guarantee than the former. In a small society a few wealthy members may have the maximum amount determined while most of the other members may possess only one or two shares each, and with the system of voting based on the number of shares, those wealthy members, if they are speculators, could control the society.

VOTE BY PROXY PROHIBITED.

This danger is still more apparent if one considers that the English law does not prohibit the use of proxies. With the right of voting by proxy, speculators could easily gain the control if they wanted to. If I am permitted, I will suggest, as an additional guarantee against any possible attempt of that kind, to prohibit voting by proxy, except with regard to corporations. The well known evils of the proxy voting system have not and cannot possibly have, in connection with these associations, having a very limited territorial field of operation, any appreciable redeeming features. In England these co-operative societies doing banking have by law the right to sell shares and accept deposits all over the country; the proxy voting may there-