

# FARM AND DAIRY



We Welcome Practical Progressive Ideas

## & RURAL HOME

The Recognized Exponent of Dairying in Canada.

Trade increases the wealth and glory of a country; but its real strength and stamina are to be looked for among the cultivators of the land.—Lord Chatham

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# The Cooperative Credit Banks of Quebec\*

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Quebec Province has now 120 Credit Societies organized on the Cooperative Limited Liability System. These Credit Societies afford cheap money to their members and are run at little expense and no loss.  
**The System Described**



England Still Holds a Leading Position with Mutton and Wool

Australia, with the great area of cheap land, is not so far ahead of old England in the wool trade as one would suppose. Scenes such as that here illustrated are common enough on Old Country farms in the spring of the year. We doubt not that the visits of the ladies with refreshing drinks are appreciated to the full.

their shareholders is growing yearly, the experiment of Signor Luzzatti in Italy having demonstrated that the unlimited liability system was not required as it was believed at the start.

In Canada, I have adopted a still more flexible liability in taking the regime of the New England States Savings Banks, where there is no capital and no financial liability on the part of the founders or promoters of this type of banks. The prosperity of these banks induced me to believe that the same system would prove as successful in Canada if it was applied to those cooperative local credit societies.

The borrowers must be members of the society, and no one is admitted if he is not considered honest and upright. Money is no object and cannot ensure the admission of anyone who does not possess such moral qualifications. It goes without saying that all the officers must be residents of the locality where the society is working.

### THE SOURCE OF FUNDS

The funds are provided by the savings of the members, for such a society encourages thrift and providence; in fact, its main object is to instill thrifty habits and to provide loans for productive purposes. I say advisably "productive purposes," because the borrower must state for what purpose he borrows, and if the purpose is not considered a good one by the officers, the loan is refused, no matter the guarantee offered.

This system contemplates to put at the disposal of the laboring and agricultural classes the savings made by those very classes, instead of being collected and thrown by millions in the channel of trade and industry as it is done now to the great disadvantage of the humbler classes of the population who are being thereby deprived of a most important part of the benefit of their own savings.

The foregoing gives a general but substantial outline of this new system of banking. Let us see now the results that it has so far achieved in Canada. There are in the provinces of Quebec and Ontario 139 such cooperative credit societies. I will not, of course, quote every one of them nor a large number. I will content myself with a very few examples believing that they will be sufficient to give a fair idea of the beneficial working of their system.

I will quote first the pioneer society of Levis,

I am studying the economic side of the agricultural problem in this country. I could not help but be struck with the absence of any financial organization to provide the farmers with the necessary credit, and after having studied carefully what had been done in the old world and the peculiar conditions of one's own country, I became convinced that credit societies could be advantageously organized in our midst and safely worked with benefit to the farmers. I started the first cooperative and savings society in Levis in 1900 under the name of "La Caisse Populaire," and included the farming community in the immediate neighborhood of that town, in order to make an experiment both among an urban and agricultural population. Later on, after what I considered a complete success, I extended the same system to purely farming communities and everywhere, as I will show later on by quoting a few instances, the success has been as striking as it had been in my pioneer society.

Some principles have to be rigidly observed to ensure the success of such a society. Here are the leading principles laid down by those who have initiated that credit system in Europe, and which I have adopted in introducing the same system in Canada with, however, a very important change that I will mention later on.

### ONE MAN, ONE VOTE

Such a society is not an aggregation of mere capital, like the joint stock company, but an association of individuals who put their savings in a common fund, and who can officers appointed to supervise the granting of the loans, and upon furnishing reliable securities, of both moral and material. Being an association of persons, the voting power is based upon the individual, not upon the share. Therefore, the one man, one vote, system prevails, no matter the number of shares held.

In the next place the area within which the society operates must be a very narrow one, the extending beyond, say, a parish, a township, or a town, not a large one, so that every member of the society may be known to one another and likely be known by the officers. This ensures the safety of the society and of the loans granted.

The capital should be withdrawable upon a

\*Extract from address before the Country Life Conference of the Social Service Congress at Ottawa, in March.

### LIMITED LIABILITY FAVORED

The responsibility is limited to the amount of the shares subscribed. Here lies the main difference between our societies and the European societies of the same type. In Europe the unlimited and joined liability of the shareholders prevails to a very large extent, although the number of the societies limiting the liability of