

WHAT DO YOU KNOW ABOUT CREDIT UNIONS?

Are They Necessary in New Brunswick?—How Are They Formed?

What do you know about Credit Unions and their benefits? Many people have heard about the wonderful benefits which are coming to the people in Nova Scotia and elsewhere through Credit Unions. Few people, however, understand what it is all about. Here is some information for prospective members:

What is a Credit Union?

A Credit Union is an association of persons united by some common bond or community of interests, joined together in a co-operative endeavour for the following purposes:

- To encourage thrift by providing a safe, convenient and attractive medium for the investment of the savings of its members.
- To promote industry, eliminate usury, and increase the purchasing power of its members by enabling them to borrow for productive or other beneficial purposes at a reasonable cost.
- To train its members in business methods and self-government and bring them to a full realization of the value of co-operation. (Arthur H. Ham "People's Banks.")

Ham says: "It has regenerated and accelerated agriculture commerce and industry. It has stamped out usury and raised millions of human souls from the depths of despair to lives of hopefulness and service. It has supplanted shiftlessness by industry, improvidence by thrift."

Why have credit unions developed in the United States where there were

over 31,000 banks in operation in 1928?

A survey has revealed these facts. \$5-93 per cent of the American people have not access to bank credit at legal interest rates. Yet this great bulk of the people must have credit. From whom is it obtained? From usurious money lenders.

The Russell Sage Foundation reports the case of a man who paid \$310 interest on a loan of \$10 and then fined for the principal.

Arthur H. Ham pictures the plight of a man unable to obtain credit from commercial or savings banks. Over-

taken by illness in his family, or other emergency, facing the danger of losing an insurance policy through lapse in premium, or losing his equity in his home through arrears of taxes or mortgage foreclosures, the working man turns to the agency always advertising its readiness to come to the aid of the unfortunate—the professional money lender commonly called the "loan shark" which usually ends in interest rates ranging anywhere from 100 to 1,000 per cent.

Are Credit Unions Necessary in N.B.

Consider first the primary purpose of the Credit Union—the promotion of thrift. Are our people thrifty?

During the year 1935 less than one half the assessed taxes was collected, teachers remain unpaid, in certain sections teachers are owed portions of their salaries back over a period of two and three years. Millions upon millions of our good dollars have been paid out in liquor, in motor cars, in movies, in a dozen different ways—the profits going to Ontario, Quebec, the United States and to the distillers of England, Scotland and Ireland and the Continent of Europe.

We have no money, apparently, to finance industry at home. Our people must realize, as the Premier has pointed out, that the financing of our own ventures must be done by ourselves. The Credit Union furnishes the medium.

Consider the plight of the fisherman, he purchases a \$60 net from a dealer for \$100 with an agreement that he must sell the dealer his catch until the net is paid for. Well, that net is seldom ever paid for. By the

time he has secured enough fish to pay for the net, the price being fixed by the dealer, the net is rotted out. In fact, it is usually rotted out before it is paid for, if it has escaped the ordinary hazards of shifting ice, etc. And the poor fisherman is always in debt as long as he deals with the dealer.

Said the Newfoundland Royal Commission: "There is an entire absence of organization or large-scale co-operative effort, the merchants or exporters conducting their business on a basis of pure individualism without regard to the true interests of the country or the individual itself."

Credit Union Differs from Bank

1. It promotes systematic thrift by requiring its members to contribute a small sum at regular intervals. This the bank does not do.

2. It serves only a specific area—such as a parish, or community, or factory, members, lodge members, etc.

3. No elaborate offices, furniture, or in most cases at least, no salaried officials, except a treasurer.

4. Loans are made only to members for provident or productive purposes only.

5. Character, honesty and industry are required for a membership and on this basis loans are made.

6. Control is vested in the members on the co-operative principle of one member one vote.

7. All profits revert to the members after expenses of operation are deducted.

Necessary Steps

First, there must be need for a credit union. If there is need for credit which is not available to the people, a credit union is necessary. Is there need of an agency to promote thrift? Then a credit union is necessary. If you are satisfied that a credit is necessary, the first thing is study.

Classes Credit Unions Serve

Groups bound together by a common bond of interest, e.g., the members of a parish, of a club, of a labor union, groups in which personal acquaintance will serve as an impetus to the work. The size does not really matter. Credit Unions have been found to work well in groups of from 50 to 5,000 as long as some bond of interest exists.

Requirements for Membership

1. Honesty, industry and good character.

2. The applicant must come within the group served by the Credit Union he must be a member of the parish; in a factory, he must be an employee of the factory, etc.

Should Membership be Limited? Any limitation of membership with

in the group adopted as the basic unit is wrong in principle. It creates close corporations or cliques. It violates the cardinal rules of co-operation and credit unionism.

Are Minors Admitted?

Yes; but any moneys received must be in trust.

May a Member Withdraw at Will?

Yes. A member may withdraw on any day the Credit Union is open for business. However, if the member has a considerable sum paid on shares or on deposit, the sudden withdrawal of which would embarrass the Credit Union, the member may be required to give as high as 90 days' notice. No member may withdraw shares or deposits who owes the Credit Union money or is the guarantor of any loan.

What Constitutes the Capital?

The capital of a Credit Union consists of the funds paid in upon shares by members, and unpaid dividends created thereon.

Should Issue of Shares be Limited?

There should be no limit to the issuance of shares by the Credit Union in order that new members may be readily admitted and the older ones given an opportunity to purchase additional shares.

Should the number of shares that may be held by one member be limited?

Since each member has but one vote no minority group or member can control the Credit Union, but it is possible for one or more members, if allowed to hold a large portion of the shares, to influence unduly the policies of the Union. For this reason it may be wise to place a reasonable limitation upon the number of shares that each member may hold.

In this connection it might be well to note that in the case of Co-operative Butter Factories the Government has wisely perhaps limited the amount of capital stock which any member may hold to the sum of \$1,000.

What is the value of a share?

The value of a share is \$5.00 in Nova Scotia; and in practically all of the United States? Members should be encouraged to purchase from time to time as many shares as they can afford.

How are Shares paid for?

By paying instalments weekly, monthly, or every two weeks. Most rural Credit Unions in Nova Scotia have adopted the system of paying an instalment of 25 cents every two weeks. In industrial sections members pay weekly. However, if a member so desires, he may purchase a share outright by paying \$5.00.

Which method of paying for shares

is to be preferred—the instalment plan or outright buying of shares?

By all means the instalment plan; because it promotes the habit of thrift much better. It is hoped that by the time a member has paid for his share in small instalments the habit of saving will have become deeply rooted, and that the member will continue indefinitely. To give a new Credit Union a start it is well for those who can to purchase at least one share outright.

Can one buy a share and then quit saving?

Yes, but a mere \$5.00 saved does not provide for the credit needs of a member. A Credit Union should constantly be increasing its capital to provide more amply for the credit needs of its members.

What other method of saving besides the buying of shares does a Credit Union provide?

When a member has a share paid for, he may have a deposit account and make irregular deposits to it, e.g., he may have an extra dollar or fifty cents which he might not need right away, so he would put it on a deposit account.

What is the difference between deposits and shares?

Deposits are irregular amounts put away in a special account to take care of needs that may arise immediately or in the near future.

Shares are the results of systematic savings and provide for credit needs of the future. They might be called the permanent savings.

Are Shares Transferable?

Yes. If a member, for instance, finds it necessary to reside outside the area served by the Credit Union, he must, by law, give up membership in the Union. Instead of withdrawing his savings, he could have them transferred to someone else, either a member or one eligible to membership. A small fee of 25 cents is charged for such transfer.

What is the average Credit Union dividend rate? Deposit interest rate?

Massachusetts Credit Unions for 1928 averaged 6.8 per cent dividends, and Credit Unions generally pay 5 per cent on deposits. The Electric Credit Union, Sydney, C.B., at the end of the first year's business declared a 6 per cent dividend on savings.

A colored boy was strolling through a cemetery reading the inscriptions on the tombstones. He came to one which read, "Not dead, but sleeping." Scratching his head, the negro remarked: "He sure ain't fooling' no body but hisself."

EXPRESS your Christmas Gifts from your own door

Packages will be called for and delivered promptly

... at any address within express cartage limits at all principal points—No Extra Cost. LOW CHARGES ON PACKAGES UP TO 15 POUNDS

Charges in cents per package to any Express Point in	1 lb. or less	2 lbs.	3 lbs.	4 lbs.	5 lbs.
Prince Edward Is.	15¢	17¢	22¢	27¢	30¢
Nova Scotia	15¢	17¢	22¢	27¢	30¢
New Brunswick	15¢	17¢	22¢	27¢	30¢
Quebec	15¢	17¢	22¢	27¢	30¢
Ontario	15¢	17¢	22¢	27¢	30¢
Manitoba	15¢	17¢	22¢	27¢	30¢
Saskatchewan	15¢	17¢	22¢	27¢	30¢
Alberta	15¢	17¢	22¢	27¢	30¢
British Columbia	15¢	17¢	22¢	27¢	30¢

Proportionately low charges for heavier packages

No Package Too Small Safe - Sure Economical

Keep this advertisement for future reference. For further information call

CANADIAN PACIFIC EXPRESS CANADIAN NATIONAL EXPRESS

FOR THE OPEN AIR ENTHUSIAST

- Ski Outfits
- Toboggans
- Sleds
- Mackinaw Coats
- Windbreakers
- Leather Coats
- Wool Blankets
- Gloves, Mitts

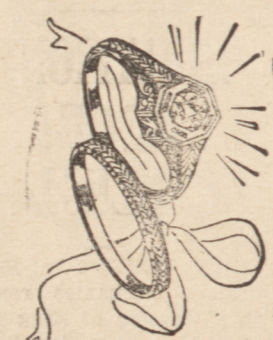


J. Clark & Son, Ltd.

FREDERICTON, N. B., AND BRANCHES



SEE OUR TEA SPOONS AT 79c 1/2 doz. Also Salad Forks and Butter Spreaders at \$1.25 1/2 doz.



Fine Diamond Rings From \$15 to \$275 GIVE HER A RING AND GET A TURKEY FREE



NEW NOVELTY EAR RINGS, COMPACTS BRACELETS, ETC.

Prices from \$1.00 Don't Forget Your Free Turkey



SPECIAL XMAS PRICES on Crystal Necklaces REGULAR PRICE \$5.00 Now \$2.50 TOPAZ, PINK SAPPHIRE AND AMETHYST

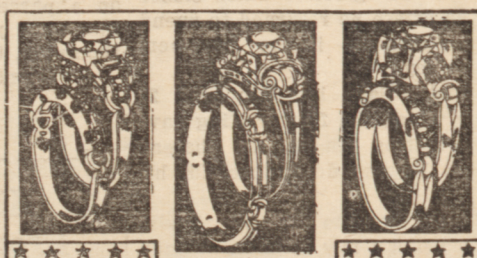
Your Xmas Turkey FREE!

FROM NOW (DEC. 15) TO DEC. 24 ANYBODY MAKING PURCHASES IN OUR STORE TALLING \$25.00 OR MORE WILL BE

PRESENTED WITH AN 8 POUND TURKEY ABSOLUTELY FREE



OUR COMPLETE NEW STOCK WILL BE FULLY DISPLAYED BY THE END OF THIS WEEK. COME IN AND LOOK AROUND.



NEW EVENING BAGS

Prices from \$1.00 to \$2.75 Colors: LOVELY CREATIONS COME EARLY

SHOP THIS CHRISTMAS AT MAVOR BROS. WE CANNOT EXPLAIN OUR MANY VALUES IN THIS ADVERTISEMENT

MAVOR BROS., LTD.

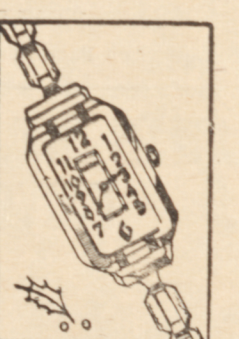
LOYALIST BUILDING

FINE DISPLAY SEE OUR SPECIAL Westminster Chime CLOCKS — at — \$16.95 BEST VALUE IN TOWN FREE TURKEYS



LOVELY NEW WATCHES

Famous Makes All Guaranteed GIRLS' AND BOYS' AT \$3.00 to \$3.50 Others for Grown-ups at \$11.75 to \$50.00 BEST TURKEYS FREE



NEW BELT SETS FOR HIM

SNAPPY NEW NUMBERS See our Men's Jewellery Popular Prices Good Selection DUNHILL LIGHTERS



COCKTAIL SHAKERS

(Silver or Copper) Fine Quality — Large Sizes Also Glasses to Match on Tray FREE TURKEY



JEWELLERS

C. N. R. TICKET AGENTS