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# CREDIT UNIONS



**SOCIAL ACTION SERIES NO. 7**

By

**FRANK O'HARA, Ph.D.**

*Banigan Professor of Political Economy  
Catholic University of America*

The pamphlets in the *Social Action Series*, of which this is the **seventh** number, are edited by the Social Action Department of the National Catholic Welfare Conference. They represent an effort to present to the general public, and especially to Catholics, a discussion of current economic facts, institutions and proposals in the United States in their relation to Catholic social teaching, particularly as expounded in Pope Pius XI's Encyclical "Forty Years After—Reconstructing the Social Order" (*Quadragesimo Anno*). In the spirit of that Encyclical they are urged upon and recommended to individuals, study clubs, discussion groups and school classes.

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**Social Action Series**

**No. 7**

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## FOREWORD

Dr. Frank O'Hara of the Catholic University describes the important credit-union movement in the United States. The story he tells and the advice he gives are very much worth listening to.

The next step in the growth of credit unions will, it seems, be the full coöperative bank. In the credit union an ordinary bank is used to deposit funds. In the coöperative bank, the organization administers the savings from beginning to end.

SOCIAL ACTION DEPARTMENT,  
NATIONAL CATHOLIC WELFARE CONFERENCE.



# CREDIT UNIONS

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**A** CREDIT union is a coöperative society organized under state or federal credit union law for the twofold purpose of encouraging its members to save and supplying them with a source of credit for provident or productive purposes.

Unlike the building and loan associations which they resemble in some respects, credit union membership is usually restricted to a group having some common bond of occupation or association or membership in a well defined neighborhood or community. The loans of the credit unions are for the most part personal loans based on the character of the borrower rather than investment loans secured by mortgages.

## **The Need of Credit Unions**

Persons in low income groups have so many pressing demands on their wages. It is difficult for them to set aside a part of their income as savings to meet the even more pressing demands that come when there is sickness, unemployment or other calamity, or to provide them with the small capital which may be needed to take advantage of some unusual opportunity to improve their economic position.

The credit unions offer an encouragement to thrift by making it convenient for the member to set aside a small part of his wage on each pay day, and by paying dividends on his savings larger than he is likely to ob-

tain from any other savings institution which is available to him.

Credit unions also make it possible for their members to borrow on their personal character when it would otherwise be impossible for them to borrow at all or possible only at usurious rates of interest.

Most people who have not had occasion to borrow from "loan sharks" have no idea of the extent of the usury evil. In fact the business of collecting high rates of interest from needy borrowers is so far hidden from the light of day that even serious students of the evil are not able to obtain reliable statistics of its extent. Shocking as it may seem, interest rates of one or two hundred per cent charged by "loan sharks" are not uncommon and occasional rates much higher than these are not entirely unknown.

To combat this evil a variety of institutions have been set up to furnish loans at lower interest rates. Under the uniform small loans law enacted in more than a score of states personal finance companies are permitted under the law to charge interest rates as high as 42 per cent per annum on small loans. A study of small loans made in 1931 discloses the fact that other lending agencies are also cutting into the business of the "loan sharks" by charging lower interest rates (Evans Clark, *Financing the Consumer*, New York, 1931). The following are the usual rates per annum charged by these companies. Pawnbrokers, 36%; Axias (mostly organized among certain foreign groups in New York City), 28.5%; Remedial Loan Societies, 26.9%; Industrial Banks, 17.3%; Personal Loan Departments of Banks, 18.1%.



To a person unacquainted with the problem these rates seem usurious. The defense that is made of them is that the small loan business is expensive to conduct because of the trouble involved in checking up on applications for loans and the labor involved in collecting them.

The usual rate charged by credit unions is 12 per cent. They are able to conduct the business at a lower cost because they pay little or no rent and few or no salaries. Their borrowing members are already known to the officials and expensive investigations of their character are not needed. Moreover, the credit unions obtain their capital at a low cost.

### **"Pre-History"**

Back of the credit unions is a long history of co-operative efforts to combat usury. Only the briefest reference to that history can be given here. An account of the *montes pietatis* which from the fifteenth century onward loaned money to the poor without interest or at very low rates of interest can be found under that title in the *Catholic Encyclopedia*.

It was in England in the early nineteenth century that the foundations of the coöperative movement were securely laid; but the English did not do much in a positive way for coöperative credit. The Frenchman, François Buchez was the pioneer here. Buchez is also noteworthy for his influence on the German, Victor Aimé Huber, who, in turn, furnished the inspiration for the later German coöperative credit associations. The Belgian, François Haeck organized in 1848 the first true credit union. (Its name was *Union du Crédit de*

*Bruxelles.*) These leaders had a moral and religious as well as an economic interest in coöperative credit.

A solid foundation was given to the coöperative credit movement through the establishment in Germany about the middle of the nineteenth century of the two systems of popular banks named, after their founders, the Schulze-Delitzsch and the Raiffeisen banks. These two types of banks were alike in that they combined the weak credit of their individual members to create the strong credit of the united group, and they were alike also in the thoroughness with which they spread their influence throughout Germany and into the other countries of Europe. They had much else in common, but they also had their differences. The Schulze-Delitzsch banks were located, in the main, in the towns, they were for small business people, they received a large part of their capital through the purchase by their members of stock in the association and by accepting deposits both of members and non-members. They loaned money to non-members as well as to members. They extended over a wider area, were "strictly business" and were concerned with the ability of the borrower to repay the loan rather than the purpose of the borrower in obtaining the loan.

The Raiffeisen banks, on the other hand, were, in the main, rural, they were for the poor, their capital was borrowed from outside, deposits were not accepted, the area of the operation of the individual society was narrow, and the society had a sense of religious and moral responsibility for the members and watched closely the application of the money borrowed to the

purpose for which it was borrowed. But we should hasten to add that these contrasts refer only to the two types and that in practice the Schulze-Delitzsch banks often approached the Raiffeisen type and vice versa.

Moreover, the differences in type grew out of the differences in the surroundings in which they were developed rather than differences in the fundamental principles of their founders. A third type were the Haas societies, which borrowed characteristics of the other two. There is not room here to mention the changed forms under which these people's banks appeared when they were transplanted to Italy, Belgium and the other European countries.

### **People's Banks in Quebec**

The people's banks came to the United States by way of the Province of Quebec. Alphonse Desjardins, a Canadian journalist, had long studied the European people's banks before he organized the first coöperative bank at Levis, just across the river from Quebec, in the year 1900. This bank, known as the *Caisse Populaire de Levis*, was formed after the plan of the people's banks which had been developed in Italy, and it was successful from the start. Under favoring legislation which was soon enacted in the Province of Quebec similar banks spread rapidly until there were about two hundred of them in the Province.

### **Credit Unions in the United States**

Under Desjardins' inspiration, one of these banks was organized across the border in a Catholic parish in Manchester, New Hampshire, in 1909 under the

name *Caisse Populaire de Sainte Marie*. About this time Pierre Jay, bank-commissioner of Massachusetts, became interested in people's banks and together with Desjardins and E. A. Filene, wealthy merchant and philanthropist of Boston, and other public-spirited citizens, he worked out plans for an American edition of the *caisses populaires*. Following the example of the Belgian people's bank of 1848, the Massachusetts banks were called *credit unions*. These credit unions were first organized in Massachusetts under legislation enacted in 1910. By 1915 there were fifty credit unions in the state and by 1921 this number had increased to eighty-two.

By 1921 four states had enacted credit union laws (Massachusetts, New York, North Carolina and Rhode Island), in addition to the special legislation enacted in New Hampshire for the credit union at Manchester. The total number of credit unions in existence in 1921 was 199. They had more than seventy-two thousand members and assets over ten million dollars.

It was in 1921 that Mr. Filene established the Credit Union National Extension Bureau in Boston. During the fourteen years of its existence it was supported by Mr. Filene at a cost of about a million dollars. Its name indicates its purpose. This was to establish credit unions on a national scale.

Credit union laws had to be passed by the various state legislatures and this required an extensive educational campaign. Then individual credit unions had to be furnished guidance and encouragement in the formative stage and helped over various later difficulties which arose from time to time. And finally the

credit unions of the various states had to be encouraged to form state leagues and a national organization had to be formed to take over the work which in these early years had been supplied by the bureau subsidized by Mr. Filene.

The active work of the National Extension Bureau was supervised during this period and in large measure performed by Mr. Roy F. Bergengren, who is now the moving spirit in the Credit Union National Association, a federation of the various state credit union leagues, with headquarters at Madison, Wisconsin.

As a result, mainly, of the efforts of the National Extension Bureau there are now credit union laws in forty-one states and the District of Columbia, as well as a Federal credit union law which permits of the organization of credit unions in any part of the United States.

The Federal credit union law was passed in 1934. It has established a Federal Credit Union Bureau in the United States Farm Credit Administration at Washington, which is engaged in supplying information and assistance to groups of persons who desire to incorporate credit unions under the Federal law. It also has general supervision over these Federal credit unions.

The credit unions operating under state laws, on the other hand, are under the supervision of state banking commissions or analogous bodies. The credit unions organized under the various state laws are alike in general plan and purpose but differ from state to state in their details. The Federal credit unions are formed on the same general plan as the state credit unions.

Federal and state credit unions within the boundaries of a state unite, if they choose, in a state credit union league. The state credit union leagues in turn are federated together in the Credit Union National Association. This National Association is expected to carry on the work of education and promotion that was carried on so long and so well by the subsidized Credit Union National Extension Bureau of Boston. However, much of this promotional work will henceforth be carried on by the well staffed Credit Union Bureau in the Farm Credit Administration under the direction of Mr. C. R. Orchard.

The credit union, as we have seen, came to the United States from Canada. During the past few years something of that debt has been repaid by the assistance which the Credit Union National Extension Bureau and later the Credit Union National Association have given to the credit union movement especially in Nova Scotia. St. Francis Xavier University at Antigonish, Nova Scotia, has been active for a number of years in developing a coöperative movement for the producers and consumers of that province. As a part of that movement they have introduced credit unions modeled on American lines, and Mr. Bergengren and other leaders in the American movement have helped to explain the credit union to the Nova Scotians.

### **Parish Credit Unions**

In the early history of the credit union movement in the United States several Catholic parishes in New England, influenced by the favorable experience of parish credit unions in Quebec, organized credit unions

Where was the first <sup>U.S.</sup> credit  
union founded?  
Manchester, N. H.

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Who ~~was~~ originated credit  
union idea?

Francis Haack -

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C. M. NIEZER, President  
E. J. DISSEER, Vice-Pres., Gen. Mgr.  
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# GENERAL REFUNDING CORPORATION

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RE-ORGANIZATION



and conducted them successfully. A new interest in parish credit unions was begun when Mr. Bergengren addressed the Fourth Annual Catholic Rural Life Conference held at Cincinnati in October, 1926.

Mr. Bergengren, in his work *Credit Union; a Co-operative Banking Book*, published in 1931, gives an account of the beginnings of the later parish credit unions at this time. "At the Cincinnati Conference," he says, "I discussed 'the rural credit union development in North Carolina and the influence of the parish as a factor in the development of credit unions, particularly in Germany and Italy,' an influence which I had later opportunity better to understand by first-hand contact with parish credit unions in various parts of Europe in 1928. The Bureau at this meeting 'pledged itself to complete coöperation in the matter of carrying through a series of experiments to determine whether or not a rural parish development was feasible in the United States.' "

Several parish credit unions were organized at this time. The Central Bureau of the Catholic Central Verein of America had long been interested in the potential value of parish credit unions and now began an active and successful campaign to establish them. The center of their activity was in St. Louis, but others were set up in other places in the Middle West.

At the Des Moines meeting of the Catholic Rural Life Conference held in 1929, two reports were read on the activities of two parish credit unions, each of which had been in operation for about two years. Rev. J. M. Campbell of Ames, Iowa, and Mr. Barney Barhorst of St. Louis, Missouri, who prepared the re-

ports, were enthusiastic in their accounts of the success of the experiments. Their reports were later published in the December, 1929, number of *Catholic Rural Life Magazine*.

As a result of this experience with parish credit unions, a Parish Credit Union National Committee was formed in the National Catholic Welfare Conference, of which Rev. Edwin V. O'Hara was chairman. Father O'Hara (afterwards Bishop O'Hara, of Great Falls, Montana) had long been interested in parish credit unions and now entered upon a campaign of credit union publicity which resulted in the establishment of parish credit unions in a number of parishes. The Parish Credit Union National Committee still functions at the National Catholic Welfare Conference headquarters in Washington, D. C., where it lends advice and assistance to pastors and others desiring to organize credit unions in their parishes. There are at the present time more than a hundred and fifty parish credit unions in the United States.

### **Credit Union Organization**

As soon as the decision has been made to organize a credit union the next step is to obtain a certificate of organization and by-laws. Anywhere in the United States a Federal credit union may be organized under the Federal Credit Union Act. In forty-one states and the District of Columbia state credit unions may be organized under laws passed for those jurisdictions. The seven states without credit union laws on January 1, 1937, were Connecticut, Delaware, Maine, Nevada, New Mexico, Vermont and Wyoming. Federal and

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state credit unions are all organized according to the same general plan, but there are differences in the details and in the administration of the law which make some state laws preferable to the Federal law, whereas in other states the Federal law is to be preferred. After the charter and by-laws are obtained from the Federal Credit Union Bureau in Washington or the state bank commissioner or other official charged with the administration of the state credit union law, the next step is to organize the credit union by selecting the board of directors and the two committees.

### **The Board and the Committees**

The board of directors consists of at least five members and has general direction and control of the affairs of the corporation. The board elects from its own members a president, a vice-president, a secretary and a treasurer. The offices of secretary and treasurer may be held by the same person.

The credit committee consists of at least three persons. Loans to members are examined and approved by the credit committee. Investments other than loans to members are made by the board of directors.

The supervisory committee, consisting of three persons, makes an examination of the affairs of the credit union, including an audit of its books at least quarterly. By a unanimous vote the supervisory committee may suspend any officer of the corporation or any member of the board of directors or of the credit committee until the next meeting of the membership of the credit union; or it can call a special meeting of the member-

ship to consider any violation of the by-laws or any act considered unsafe or unauthorized.

There is an annual meeting of the membership of the credit union at which elections are made to the board and to the committees. Vacancies in the board or in the credit committee between annual meetings are filled by the board of directors. Vacancies occurring in the supervisory committee are filled by that committee until the next annual meeting.

### **Reserves and Dividends**

All entrance fees and fines and 20 per cent of the net earnings before the declaration of a dividend each year are set aside as a reserve fund against possible bad debts. The board of directors recommends to the annual meeting the amount of the dividend to be paid.

### **Sources of Funds**

The main source from which the credit union obtains its funds is the sale of its stock to its members. The usual par value of a share is five dollars. The member may subscribe for one or more of these and he may pay for them in one lump sum, but usually he pays for them in small installments each pay day. Dividends are paid on fully paid-up shares of stock. The member may withdraw his stock savings from the credit union at any time. Under the credit union laws of many of the states, but not under the Federal credit union law, the credit unions also permit their members to have deposit accounts.

Under this feature deposits are made as in a sav-

ings account in a bank and interest is paid on the deposits at a lower rate than the usual dividends on stock. When additional funds are needed by the credit union they may be obtained by borrowing from a bank or other lender up to forty or fifty per cent of the paid-in stock of the credit union, depending upon the particular credit union law under which the credit union operates.

The Federal credit union act provides (Section 7, paragraph 9) "that any Federal credit union may discount with or sell to any Federal intermediate credit bank any eligible obligations up to the amount of its paid-in and unimpaired capital, subject to such rules and regulations as may be prescribed by the Governor." This paragraph held out the hope to the Federal credit unions that they might obtain money on especially easy terms.

But this hope is disappointed by the language of the legislation regulating Federal intermediate credit banks which provides that state as well as Federal credit unions and certain other banking institutions may rediscount paper "the proceeds of which have been advanced or used in the first instance for any agricultural purpose or for the raising, breeding, fattening or marketing of live stock; and to make loans or advances direct to any such organization, secured by such obligation."

The net result is that only rural credit unions may borrow from or rediscount with Federal intermediate credit banks. Moreover the regulations for such borrowing or rediscounting are so tightly drawn that up to the present time no rural credit union has seen fit to take advantage of the law.

### **Cooperation Among Credit Unions**

The various credit union laws provide that no officer or member of the board of directors or of either of the two committees may borrow money from his own bank in excess of his funds in the bank. In order to make credit available for these officers and committee members several credit unions have been organized among these officials which make loans available to them. Thus, in Washington, D. C., there is a credit union made up mainly of members who are officials in other credit unions. Although they may not borrow in the credit unions of which they are officers or committeemen they may borrow directly from this special credit union.

The First Credit Union of Iowa, located at Des Moines, carries this type of coöperation among credit unions one step further. The First Credit Union, which does a regular credit union business in a local way, admits to its membership officials and committeemen of other credit unions in the state league of Iowa and makes loans to them as it makes loans to others of its members.

In addition, the First Credit Union takes over and handles the surplus funds of such credit unions of the state league as care to intrust their funds to it and it lends to these credit unions such sums as they may need to carry on their work up to a maximum of a thousand dollars for each credit union.

A credit union in Missouri operates on similar lines and it is expected that a like service will soon be available to credit unions in Wisconsin and in the Dis-

trict of Columbia. The restrictions on the investment of the surplus funds of credit unions make it appear likely that coöperation of this type among credit unions will soon be widely adopted.

### **Credit Unions and Catholic Social Theory**

The following lengthy excerpt from a resolution adopted at its Seventy-seventh General Convention at St. Louis, August 21-24, 1932, by the Central Verein, whose activity in promoting credit unions has been noted above, indicates the basis in Catholic social teaching of the credit union theory.

In commending and urging the establishment of credit unions, especially among Catholics in parishes and societies, as well as the promotion of such organizations in post offices, industrial and commercial establishments, schools, etc., the Central Verein has for a long time been conscious of both their fundamental and practical value.

We regard credit unions as coöperative thrift and credit associations, conforming in character and purpose to the requirements of an ideal social order, as advocated and demanded by Christian sociologists and pre-eminently by His Holiness, Pope Pius XI.

The credit union is intended to be truly coöperative; it reflects in its principles and practices the Christian attitude toward the dignity and worth of the individual as superior to that of money; it recognizes the importance of self-help and mutual help, besides inculcating and fostering the virtue of habitual thrift and providence, while discountenancing greed; it is a training school in social solidarity.

That it may conform constantly to its ideal character and develop into a strong force for social and economic betterment, the credit union must be kept faithful to the norms of true coöperative societies. Its practices must conform in all instances to these norms. To the attainment of this end, Catholics may contribute greatly. But they must themselves be intelligently conscious of their possible contribution. Indications of a determination to observe Catholic principles in practice are found in the conduct of those Catholic parish credit unions which, for instance, have agreed to limit the so-called dividends of the members for the purpose of possibly lowering the interest rate on loans, thus really serving needy members, rather than those who may still hold profit on investment higher than mutual helpfulness.

### **A Brief Credit Union Bibliography**

A fairly complete credit union bibliography covering 46 pages was compiled and published in 1936 by Clarke J. McLane. It can be obtained from the Riverford Publishing Company, Washington, D. C. The price is one dollar.

The most useful books for the prospective credit union organizer, as well as for the credit union official, are two books by Mr. Bergengren. They are:

Bergengren, Roy Frederick: *Credit Union; a Co-operative Banking Book*. New York: Beekman Hill Press. 1931.

Bergengren: *Cuna Emerges*. Madison, Wis.: Credit Union National Association. 1935.

A recent book by the Statistician of the Beneficial



Management Corporation may be read with profit by those interested in credit unions. It should not be read until after one of Mr. Bergengren's books has been read. Its author is associated with the uniform small loans companies, which the credit union people often refer to as the 42 per centers. In the bosom of their family the credit union people sometimes say that the companies which charge 42 per cent, even where the state law allows it, are usurers. They also say that there is a bias against credit unions in the facts selected for presentation by this author. The book is:

Neifeld, M. R., Ph.D.: *Coöperative Consumer Credit; With Special Reference to Credit Unions*. New York: Harper & Bros. 1936.

The best book on the philosophy of the movement is:

Wolff, Henry W.: *People's Banks; A Record of Social and Economic Success*. London: P. S. King & Son. 1910.

A good account of the history of the movement is given in:

Tucker, Donald S.: *The Evolution of People's Banks*. New York: Columbia University. 1922.

The magazine of the movement is the *Bridge*, of which Mr. Bergengren is editor. Single copies may be had for ten cents. The subscription rate is a dollar a year (or fifty cents in lots of ten or more). It is published at Raiffeisen House, Madison, Wisconsin. It is well-worth the price to anyone at all interested in the movement.

Four short magazine articles on parish credit unions are:

O'Hara, Frank: "Parish Credit Union Institute." In *America*. June 25, 1932.

O'Hara, Frank: "Money at Two Hundred Per Cent." In *The Commonweal*. February 26, 1930.

O'Hara, Frank: "Parish Credit Union." In *American Federationist*. May, 1932.

O'Hara, Frank: "Parish Credit Union." In *The Catholic Charities Review*. December, 1936.

## N. C. W. C. STUDY CLUB OUTLINE

### I. THE NEED OF CREDIT UNIONS

1. What is a credit union? How restricted as to members? On what basis does it give loans?
2. What groups does the credit union chiefly benefit? How encourage thrift? How facilitate borrowing?
3. What is known about "loan sharks" and their interest charges?
4. What is the average rate of interest, and the reason therefor, charged by:
  - (a) Personal Finance Companies.
  - (b) Pawnbrokers.
  - (c) Axias.
  - (d) Remedial Loan Societies.
  - (e) Industrial Banks.
  - (f) Personal Loan Department of Banks.
5. What is the usual rate charged by credit unions? The reason for it?

### II. "PRE-HISTORY"

1. Identify: *Montes pietatis*. François Buchez, Victor Aimé-Hubér, François Haeck.
2. Describe the Schulze-Delitsch, Raiffeisen and Haas types of banks as to: time of origin, credit, influence, location, acquisition of capital, deposits, loans, responsibility for members.
3. Give origin of "Peoples' Banks" in Quebec; in the United States.

4. Through whose efforts, where and when were the first credit unions organized in the United States? Describe their growth to 1921.
5. What was the Credit Union National Extension Bureau? When, by whom established? How supported?
6. Describe the following, and note any relation thereto of the Credit Union National Extension Bureau:
  - (a) Credit union laws (National and State).
  - (b) Guidance for individual credit unions.
  - (c) State leagues.
  - (d) Credit Union National Association.
  - (e) Credit Union Bureau of Farm Credit Administration.
  - (f) Credit Unions in Nova Scotia.

### III. PARISH CREDIT UNIONS

1. What were early experiences of parishes with credit unions?
2. Date and give occasion of new interest in parish credit unions.
3. Describe credit union activities of:
  - (a) Central Bureau of Central Verein.
  - (b) Catholic Rural Life Conference.
4. What is the Parish Credit Union National Committee?
5. How many parish credit unions in the United States?

### IV. CREDIT UNION ORGANIZATION

1. Where may credit unions be organized in the United States? Under what authority?
2. What states do not have credit union laws?
3. Which is to be preferred—the various state laws or the Federal law?
4. Discuss organization of credit unions, as to following points:
  - (a) Charter and by-laws.
  - (b) Board of Directors.
  - (c) Credit Committee.
  - (d) Supervisory Committee.
  - (e) Annual Meetings and Elections.

## V. FUNDS

1. What constitutes the reserve fund against possible bad debts?
2. How is the amount of dividends to be paid decided?
3. What is usually the chief source of funds? The usual value of a share of stock? How many may a member buy? How pay for them? When withdraw them? On what are dividends paid?
4. May members have deposit accounts? Describe them.
5. How may credit unions secure additional funds?
6. What type of credit union may borrow from or rediscount with Federal intermediate credit banks? Is this facility taken advantage of? Why?

## VI. COOPERATION AMONG CREDIT UNIONS

1. What restrictions are placed on borrowing facilities of the Board and Committee members?
2. What institutions have been established to make credit available to them?
3. Describe the First Credit Union of Iowa as to:
  - (a) Regular credit union business.
  - (b) Membership of officers and committeemen of other credit unions.
  - (c) Surplus funds of other state credit unions.
  - (d) Loans to other credit unions.
4. What is the prospect for wider similiar coöperation?

VII. CREDIT UNIONS AND CATHOLIC  
SOCIAL THEORY

1. In what groups may credit unions be established?
2. Discuss the credit union with regard to:
  - (a) The Christian social order.
  - (b) The worth of the individual.
  - (c) Self-help and mutual help.
  - (d) Thrift and greed.
  - (e) Social solidarity.
3. How may Catholics contribute to the credit union as a force for social and economic betterment?

# SUGGESTIONS FOR STUDY CLUBS OR COMMITTEES ON INDUSTRIAL QUESTIONS

1. The study club is not a group to listen to lectures. It is for joint discussion. It is small—ten or twelve to twenty or so—so as to permit general discussion.
2. There is a discussion leader.
3. The group may consist of persons of various occupations and interests or of special groups, such as organization leaders, employers, professional persons, clerical workers, manual workers, etc. A number of small study groups established within each organization is desirable.
4. Meetings are once a week or once every two weeks or once a month.
5. Every member should have at least the text and the outline.
6. The discussion, as a rule, follows the outline point by point. The section of the text to be discussed should be read before the meeting by each member.
7. Use questions at the end of the meeting to recapitulate.
8. Reports or papers called for by any outline should be brief.
9. The purposes are:
  - (a) So its members will know the teaching of the Church on economic life.
  - (b) So they can speak at Catholic meetings.
  - (c) So they can be leaders in the activity of Catholic organizations.
  - (d) So they can apply the teachings in their work and civic life.
  - (e) So they can guide the economic organization to which they belong.
  - (f) So that they will be better Catholics.
10. If the group is an offshoot or a part of another organization they should report their conclusions to the parent organization, because one of the chief purposes of the club or committee is to pass on their information, point of view and enthusiasm to the Catholics of their community and to make the club's work definitely a part of the parent organization's work.

*For further information and assistance, write:*

**National Catholic Welfare Conference,  
Social Action Department**

**1312 Massachusetts Avenue NW., Washington, D. C.**

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