

CO-OPERATIVE HOME BUILDING

Bulletin on Building and Loan Associations Issued by National Labor Bureau.

PROGRESS IN THE PAST ELEVEN YEARS

Review of the Most Successful Co-operative Movement in the United States—Institutional Statistics.

Under the direction of Hon. Carroll D. Wright, published by the National Labor Bureau, the results of the first investigation made by the government of the business, methods and membership of building and loan associations in the United States. A supplementary report covering the years 1903-1904 is published in the November bulletin of the Bureau of Labor.

The opening paragraph of the report declares that "no class of provident institutions in this country, perhaps, has contributed more largely than have building and loan associations to the material welfare of that portion of our citizenry dependent on a daily wage for support. Including under this general title all those institutions having for their principal objects the encouragement of the systematic saving of small sums and the loaning of money to their members for the purpose of building homes, we have the most important and successful example of co-operation in the United States."

Wedding Out Process. In the eleven-year period covered by the report the number of associations declined from 5,338 to 5,330, and the total assets increased from \$530,000,000 to \$990,000,000. The high level in assets was \$62,000,000 in 1903. The decline since 1902 is due to the collapse of the large national associations which sought to do business everywhere, and the consolidation and liquidation, and the conversion of several associations into trust companies, a practice common in Ohio. In Iowa the number of associations decreased from 115 in 1892 to 72 in 1904, and in the same time the total assets fell from \$11,800,000 to \$5,600,000. The failure of several associations in Des Moines doing a national and state-wide business cast injurious odium on the business as a whole and brought about searching state supervision and excessive taxation. The conditions in Iowa illustrate conditions in other states where bogus associations organized for the benefit of the managers were permitted to do a wildcat business unregulated. In striking contrast with the conditions in Iowa and adjoining states is the growth of the business in Nebraska. While the number of associations decreased from 82 in 1894 to 69 in 1904, in the same time assets have increased from \$3,800,000 to \$6,300,000. Foreign associations were excluded from Nebraska in 1902.

OMAHA'S FAVORITE

Advertisement for 'Mell's Beer' featuring a large illustration of a man in a suit and a bottle of beer. The text includes 'Bottled Expressly for Family Use' and 'OMAHA'S FAVORITE'.

and the business confined to local associations under wise restrictive laws. From data supplied by nineteen states wherein state reports are made, it is shown that investments in building and loan associations amount to over \$90,000,000, or an average slightly more than \$10 per capita, and one person in every forty of the total population of the nineteen states is an association member.

In 1903 it was shown in the report then published that the number of homes acquired by members averaged eighty-one to each association, or a total of 413,729 homes acquired in a period estimated at eleven years. Deducting the percentage of decrease in number of associations for the last eleven years from the home building record, the total approximates 750,000 homes acquired by members of building and loan associations in twenty years.

Particulars of Co-operation. Commenting on the co-operative principles of associations, their methods, safeguards and future prospects, the report says, in part: "The wonderful growth of these institutions has been shown and it is not difficult to discover some of the many causes of their progress. In the first place, the financial and financial importance. The feature of co-operation always appears strongly to men of small means, enabling them when associated under intelligent management to accomplish the impossible to the individual. Building and loan associations were established as purely co-operative associations, and the community members, which individually would have remained idle and unproductive, were united in a large proportion in which each member contributed his share to the common fund. The possibility of securing large profits on small accumulations, coupled with the assurance of financial security, doubtless due much of the early popularity of these institutions. Many forms of co-operation have failed to accomplish their results, but these institutions have been uniformly successful from the beginning. In their management, they promoted a strong fraternal feeling among their members, while the simplicity of their methods rendered their organization and operation easy and safe. Then, too, they attracted most strongly to the prevalent spirit of home building and home owning. These and many other causes led to the rapid growth of these institutions throughout the country, and it is probable that by 1904 the total membership had been quite fairly covered in many of the states. To this fact and the growing competition among them, it is due that the business, as well as to the changes in industrial conditions, is due to some extent at least the decline in growth during the last decade. Then, too, the success which had attended their operations, the beginning finally resulted in the organization of associations under their name, but lacking the essential features of co-operation, the failure of a number of large institutions of this character and the consequent financial disaster to their members, and the certain unfavorable influence which was not dissipated for some years, and the gradual increase of state activity in the way of special legislation regulating the operations of associations and the provision for official supervision of their business and conduct, made impossible the continuation and operation of such institutions on other than safe and equitable plans."

Local and National Associations. The terms local and national have been used in connection with these associations. It becomes necessary, therefore, at this point, to define clearly the meaning of the two terms as applied to building and loan associations. The business of these two classes of associations is conducted in a general way under substantially the same methods, the local association confines its operations to a small territory, while the national operates without reference to the residence of its shareholders or the location of the property on which loans are to be made. The difference between the two is important. The primitive association was purely local in character and was organized on the co-operative principle. Usually the members were personally known to each other and met at regular intervals at some central place in the neighborhood to pay their dues, transact such other business as might be necessary and discuss the affairs of their association. Each member had in this way a personal knowledge of the financial condition and transactions of the association and contributed his influence, knowledge and experience to its success. Its officers were personally known to each member, its expenses were small, its loans were made on the basis of a personal knowledge of the character of the borrower and the value of the security offered was readily ascertainable. On the other hand, the national association, occupying a broader field of operations, under the plan usually adopted, they are accustomed to use different offices or branch offices and persons, high salaries, incompetent and perhaps interested appraisers of real estate, and loans are sought and made in some cases dishonest administration, have in a number of instances resulted in heavy losses to those who have invested in this class of associations. The ruinous experience met by these associations in their early days has resulted in a more careful, conservative and economical management of their funds, and to some restriction as to the territory in which loans are made. Under proper laws regulating, controlling and restricting these associations as they are in force in many of the states, there is no doubt that they can render a valuable service and preserve to some extent the principles of co-operation which have rendered the economic service of their prototypes so beneficial. It is quite clear, however, that national associations are handicapped from their very nature to operate under many disadvantages which are not encountered by locals.

Management. One of the greatest essentials to success in a building and loan association is the good management of its business affairs. A good plan, equitable and fair alike to the borrower and nonborrower, but an association operating under a thoroughly good plan may fail of success by reason of poor management. The government and management of the affairs of an association are usually reposed in a board of directors, composed of the president of the association, its treasurer, secretary, attorney and a certain number of its members. The duties of the board of directors are varied and important. They are charged with the entire business management of the association. Upon it devolves the important duty of deciding upon security for loans on the basis of the associations' loans and upon its good judgment, intelligence, industry and attention to duty depends the safety of the funds of the association, as well as its prosperity. Experience in the larger business affairs of the community is not so important as willingness to give the necessary time and attention to the smaller business affairs of the association. Of the duties devolving on the various members of the board, the most important are those of the secretary and of the attorney. The secretary is brought into closer contact with the shareholders than any other officer. In addition to the bookkeeping and the general management of the association, the routine business between the shareholders and the association, such as the payment of dues, is conducted by him and upon his courtesy, intelligence, knowledge of human nature, familiarity with the law, and the assiduous attention and readiness in giving all necessary information as to the affairs and workings of the association depend not only the satisfaction of the members of the association, but also very often the success of prospective shareholders. The importance of the duties of this officer are becoming more and more recognized, and he is consequently more adequately paid for his important services by the association of the present time than was the case formerly. Upon the attorney devolves important duties in his connection with the making of loans on real estate, which constitutes the greater part of an association's loans. The examination of the titles of properties upon which loans have been asked, the preparation of the legal papers securing the loans and the recording of the same after execution must be done with the greatest carefulness and integrity. Upon his judgment as to the validity and sufficiency of the security offered for loans depends the safety of the funds of the association, and upon his experience and familiarity with the laws and decisions relating to building and loan associations rests its safety from ill-adviced legal controversies which may prove harmful to its interests. Much depends also upon the regular auditing of his accounts of an association, which is usually performed by a committee of the directors appointed for that purpose.

First among the advantages conferred is that of providing a means whereby the workman may save for home building. It is almost a truism to say that the community of state counting among its inhabitants the greatest proportion of home owners contains also the greatest proportion of prosperous, contented and conservative citizens. In the testimony before the industrial commission it was very strongly impressed upon the commission that the influence of these institutions upon industrial life was conservative, tending toward the prevention of disputes and strikes and making for industrial peace. The home owner acquires a real and abiding interest in the community and its welfare, as well as an increased self-respect and more elevated moral standard. His rise as well in the esteem of the community and, to a degree, at least, attains economic independence.

Whether the saving of a portion of his wages for the ultimate purchase of a home or for some other purpose, the incitation and encouragement of the habit of saving in the workman may be termed one of the beneficial results of these institutions. With the definite object in view of securing to the workman the ultimate value of his shares by small and regular payments, which constitute these loans, a greater degree of self-respect, industry, temperance, frugality, and many other qualities which render him of greater value as a citizen. The opportunity for safe and profitable investment of small sums afforded by these co-operative institutions and their careful and economical management have undoubtedly greatly encouraged this habit of saving and all the good that results therefrom. It must be recognized, however, that for many years has shown the feasibility and practicality of the plan of small savings which itself a benefit both to the individual and to the community. The extremely small proportion of profits required for the expenses of management in local building and loan associations, which have so extensively afforded to investors combine to render their services most valuable. It is both gratifying and encouraging to note that the losses sustained by these associations by reason of inadequate security are not only infrequently incurred, but are small. From the report of the Department of Labor it is ascertained that the total losses of the 5,490 associations reporting as to losses during their entire existence was less than \$200,000, or an average of less than \$37 for each association. Surrounded as such institutions are today by legal restrictions and regulations, and with the experience of ten years in their management and operation, it is very difficult to see how the associations in existence at the present time would show even smaller losses than they do at the present time. It is doubtful if any other class of financial institutions has rendered such uniformly beneficial results in the way of work or of perfectly meeting his needs as a means of saving and home gaining.

Signs Grips and Passwords. Astonishing Growth of Fraternal Societies in Ten Years—What the Figures Show. Every fifth man with whom you shake hands in the United States and in British Columbia is a member of a secret organization, counting on his possible college fraternity. Ten years ago a liberal estimate was one man to every eight in secret orders. At the present rate of growth in the United States and in British possessions to the north the present ratio of one to five may be three to five in 1914. For in the United States, where the population increases one-tenth in a decade, the figures of the secret societies in ten years have been almost doubled. In the year 1904 the figures of the secret orders, reported by central organizations, show a membership of 7,414,712. In 1894 these figures, reported in the same manner, showed a membership of only 4,126,356. Thus while the population of the United States and Canada was increasing a possible 26,000,000, the membership in secret societies were increasing nearly 3,300,000—a virtual doubling of these memberships. Considering these figures for ten years in their application to the whole country, there is a striking comparison in the statement that in the last year in Illinois the increase in the memberships of Masonic lodges is greater than ever before in the history of the state. A tabulated statement of the membership in secret societies for 1904 and for 1904 shown in detail where these gains have come in for the secret orders. The table is not completed as to all organizations in detail, but the sums in total are as nearly correct as may be possible:

Table listing membership figures for various secret societies in 1894 and 1904. Includes categories like Odd Fellows, Free Masons, Knights of Pythias, etc.

Some of the societies not mentioned in the reports ten years ago are now showing large memberships, while some of those appearing a showing at that time have disappeared altogether. At the head of the list, however, the Odd Fellows, the Free Masons and the Knights of Pythias show where nearly 1,000,000 of the increase in membership has come.

Other fraternal organizations have outgrown their pioneers in secret order. With the accentuated insurance feature of many of these, however, the comparisons are lost in great measure. Figures for the Modern Woodmen of America indicate a growth of more than 600,000 in ten years; the Independent Order of Foresters is listed for the first time with 220,000 members; the Woodmen of the World show 190,000; Knights of the Macabees show 190,000; Knights of the Order of Red Men nearly 200,000, while in the grouped "smaller organizations" the increase is nearly 300,000 in ten years—Chicago Tribune.

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Advertisement for Baroda Diamonds. Features the slogan 'JUST THE THING FOR CHRISTMAS' and 'The World Famous Baroda Diamonds'. Includes images of various diamond jewelry and text describing the quality and value of the stones.

Advertisement for Bankers Union. Features the headline 'The opinion expressed by an Illinois claimant of the Bankers Union' and a portrait of Wm. Sample. Text discusses the settlement of a claim and the benefits of the union.

Advertisement for Kodak cameras. Features the headline 'Anything in Kodaks?' and 'See the Largest and Only Exclusive Line in the City, at THE SIGN OF THE KODAK'. Promotes the Robert Dempster Co. as the exclusive dealer.

Advertisement for Newbro's Herpicide hair treatment. Features the headline 'NEWBRO'S HERPICIDE' and 'GOING! GOING! GOING! TOO LATE FOR HERPICIDE'. Includes illustrations of a man's head and text describing the product's effectiveness.

Advertisement for State Medical Institute. Features the headline 'DOCTORS FOR MEN' and 'Men Who Need Skillful Medical Aid'. Includes portraits of two men and text describing the institute's services for various medical conditions.

Advertisement for C.W. Hull & Co. coal. Features the headline 'LBS 20 TO THE TON' and 'WE ARE SELLING COAL'. Lists prices for different grades of coal like Rock Springs, Hanna, and Pennsylvania Anthracite.

Advertisement for C.W. Hull & Co. medicine. Features the headline 'C.W. HULL & CO.' and '1924 IZARD ST. = TEL 429-409-75'. Promotes various medicinal products like Pennyroyal Pills and Menstrual Suppression.