

The Village Bank

ISLE MADAME, NS –

In 1936, 26 poor men in D'Escousse formed a study group. Most brought a nickel to their kitchen meetings; the wealthiest brought a dime, and the poorest brought firewood for the stove. When they had accumulated \$100 in capital, they established a co-operative banking institution, the North Isle Madame Credit Union. To buy accounting ledgers, they held a card game: players paid twenty-five cents admission, and the prizes were rabbit pies. Their first loan was for \$25.

Today, when a strong and scrappy credit union movement is running hilarious ad campaigns eviscerating the Big Five banks – soon to be Four, or Three, or One – it is well to remember its humble origins. Credit unions were formed because the banks didn't give a damn about the financial needs of working Canadians. In Isle Madame, the "truck system" made fishermen into captive suppliers, little better than serfs. The fish merchants lent them money for outfitting – and extracted repayment from the meagre prices they later paid for fish. Because farmers, fishermen, miners and steelworkers couldn't get mortgages, the credit unions created League Savings and Mortgage. I have been with League Savings for nearly 20 years, and I love them. What, you love a mortgage company? You bet. You wouldn't believe how well they listen, how smart they are.

The D'Escousse study group – like hundreds of others throughout the Maritimes – was inspired by two Irish Catholic priests from Cape Breton's Margaree Valley. Father Moses Coady was a big man, a charismatic speaker and a brilliant organizer whose portrait still hangs in the D'Escousse credit union. His cousin, Father Jimmy Tompkins, was a peppery, squeaky-voiced little gadfly, an intellectual agitator. Father Jimmy, a recent biography published by Breton Books in Sydney, calls him "abrasive, compassionate, nagging, inquisitive, generous and altogether marvellous."

The success of Coady and Tompkins is manifest in the scores of co-ops and credit unions which dot the Maritime landscape. In Tignish, PEI, the entire economy consists of co-ops – the fish plant, the gas station, the general store, the insurance agency, even the funeral parlour. The movement's failure, however, is political and educational. After three generations most co-op members still vote for parties committed to the economics of private greed, and few regard their movement as an instrument for personal growth and community progress.

But Coady and Tompkins intended the co-op movement to transform society. Industry, wrote Tompkins, "cares only that men live and work at the lowest possible wage and for the smallest possible return for the product of their labour.... Thousands of branch banks skim the cream from our towns and hamlets, leaving the skim milk for local consumption. No profits are distributed locally.... The country is impoverished for the benefit of monopolizers in the great centres."

Three generations later, what's changed?

True, the credit unions have done many useful things, and they've prospered. As late as 1971, it was still a mark of distinction in Isle Madame to have a loan from a chartered bank; it showed you were a person of substance. North Isle Madame Credit Union still had less than \$400,000 in assets, and its office was the kitchen table of the village's *grande dame*, the formidable Alfreda Tamboon. Today it is part of a merged credit union with nearly \$11 million in assets. Credit Union Atlantic recently took over a Halifax branch of the Laurentian Bank. And credit unions have been the leading edge of the financial services industry, pioneering such features as flexible mortgage prepayments, daily-interest chequing accounts, debit cards, automatic teller machines and home banking. The Ethical Mutual Funds family is an offshoot of BC's nimble and muscular VanCity Credit Union, as is the Citizens Bank, Canada's first all-electronic financial institution.

And yet, as Kevin Yarr noted in a recent Atlantic Progress, the perkiness of the credit union ads contrasts sharply with their timorous lending practices. Most credit union lending today is for consumer spending – but our crying need is in community economic development and small-business lending. In those areas, Atlantic Canada's credit unions are perceptibly uncomfortable.

If we are to build a people's economy in the Maritimes – and we really have no alternative – the credit unions, as the people's banks, will have to overcome that discomfort. And they could. Their mission is rooted in something stronger than greed and gluttony. It is rooted in the spirit of Father Jimmy, who, said one parishioner, preached that "when we work and do things for each other, that can be an act of prayer."

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