
UNITED STATES DEPARTMENT OF LABOR

Frances Perkins, Secretary

BUREAU OF LABOR STATISTICS

Isador Lubin, Commissioner (on leave)

A. F. Hinrichs, Acting Commissioner

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Activities of Credit Unions in 1943



Bulletin No. 797

[Reprinted from the *Monthly Labor Review*, October 1944
with additional data]

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., October 19, 1944.

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the activities of credit unions in 1943, prepared by Florence E. Parker of this Bureau.

A. F. HINRICHS,
Acting Commissioner.

HON. FRANCES PERKINS,
Secretary of Labor.

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*Bulletin No. 797 of the
United States Bureau of Labor Statistics*

[Reprinted from the MONTHLY LABOR REVIEW, October 1944, with additional data.]

Activities of Credit Unions in 1943

Summary

The 9,000 active credit unions in the United States made more than 1½ million loans to their 3 million members in 1943, amounting to considerably over 211 million dollars. On this business, earnings were made exceeding 6½ million dollars, from which dividends on share capital amounted to \$5,335,891. Total assets of these cooperative credit associations amounted to over 362 million dollars.

As a result of a combination of wartime factors (increased earnings of workers, lessened need for credit, control of installment buying, dearth of certain high-cost consumer goods, etc.) this branch of the cooperative movement has been showing a downward trend since 1941, after a hitherto unbroken rise.

As compared with 1942, all of the above totals except assets showed a decrease. The membership fell 3.3 percent, business (loans granted) 15.4 percent, and earnings 37.5 percent. On the other hand, share capital increased 6.9 percent and total assets 6.3 percent.

Considering credit unions of all types combined, at the end of 1943 6 States (Illinois, Massachusetts, New York, Ohio, Pennsylvania, and Wisconsin) had over 500 active associations each; in only Illinois, however, did the credit-union membership exceed 300,000. Illinois and New York were the leading States as regards loans made during the year.

Contrary to the general trend, substantial increases in membership were shown in nine States (Alabama, Georgia, Hawaii, Indiana, Kansas, Massachusetts, Michigan, North Dakota, Rhode Island, and South Carolina), and in loans made in 6 States (Alabama, Hawaii, Kansas, North Dakota, Rhode Island, and Vermont).

The data on which the above findings are based were furnished to the Bureau of Labor Statistics for the State-chartered associations in most cases by the State officials—usually the Superintendent of Banks—charged with the supervision of these associations. For Alabama and South Carolina the data were supplied by the State Credit Union League. No report was received for Mississippi; for this State estimates were made, based upon the trend in other States and in this State in previous years. The same was done also for certain items concerning which some States do not require reports. All of the data for the Federal associations were furnished by the Credit Union Division of the Federal Deposit Insurance Corporation.

The data shown for individual States include both the Federal and State credit unions, except in Delaware, Hawaii, Nevada, New Mexico, South Dakota, and Wyoming, which have no State credit

union act. In Connecticut where credit union legislation was passed in 1939, no associations had been chartered by the State at the end of 1943. For all of these States the figures therefore cover Federal credit unions only.

Operations in 1942 and 1943

The membership and business operations of credit unions are shown, by States, for 1942 and 1943, in the accompanying table. Data are for the calendar year in all States except for the State-chartered associations in Arizona, Kentucky, New Hampshire, and Vermont where they are for years ending June 30, and Georgia where they are for the years ending November 30.

In Nebraska, only part of the "cooperative credit associations" formed under the 1929 law were operating in well-defined groups of persons having a common bond of interest (the usual requirement for issuance of a credit union charter). The others were rural organizations, each operating throughout an entire community—usually one which was without banking facilities—and had become in actuality commercial banks. A credit union law became effective August 29, 1943. By the end of the year, 32 of the former cooperative credit associations of the credit-union type had applied for and been granted charters under the new law (see table 3). The data shown in table 1, however, cover both types of credit associations.

TABLE 1.—Operations of Credit Unions in 1942 and 1943, by States

State and type of charter	Year	Number of associations ¹		Number of members	Number of loans made during year	Amount of loans—	
		Chartered	Reporting			Made during year	Outstanding, end of year
All States.....	1943	10,470	9,079	3,040,682	1,656,358	\$211,469,725	\$123,479,595
	* 1942	10,602	9,470	3,144,603	1,945,413	250,000,284	148,771,572
State associations....	1943	5,382	5,220	1,738,319	968,216	184,204,343	88,251,442
	* 1942	5,622	5,400	1,797,084	1,129,902	158,463,317	105,884,822
Federal associations..	1943	5,088	3,859	1,302,363	688,142	77,265,382	35,228,153
	1942	4,980	4,070	1,347,519	1,315,511	91,536,967	42,886,750
Alabama.....	1943	83	77	25,967	* 20,425	2,681,446	1,251,656
	1942	95	87	23,658	21,864	2,575,065	1,272,249
Arizona.....	1943	26	24	* 3,504	* 1,454	* 200,728	112,421
	1942	25	22	* 3,802	* 2,608	* 348,878	180,107
Arkansas.....	1943	35	28	3,282	2,084	197,956	103,315
	1942	37	29	3,682	3,869	254,407	132,043
California.....	1943	523	453	191,773	* 97,665	* 13,044,088	7,818,505
	1942	508	457	199,172	* 130,237	* 13,037,253	10,233,838
Colorado.....	1943	119	102	23,852	* 13,385	* 1,939,659	933,037
	1942	118	109	24,879	* 17,056	* 2,571,389	1,120,222
Connecticut ⁴	1943	215	170	92,775	47,812	5,760,962	2,198,752
	* 1942	214	179	96,931	46,729	5,884,490	2,472,209
Delaware ⁴	1943	13	10	2,291	1,252	143,923	62,775
	* 1942	13	11	2,811	1,889	176,638	89,739
District of Columbia.....	1943	130	104	67,148	* 36,200	3,861,540	2,166,807
	1942	129	109	70,803	* 43,507	4,740,720	2,880,680
Florida.....	1943	192	163	34,431	23,687	2,969,969	1,559,768
	1942	204	171	36,066	25,875	3,012,198	1,732,640
Georgia.....	1943	155	140	34,164	* 25,108	* 3,620,957	1,800,283
	1942	146	112	30,939	25,102	2,779,071	1,622,264
Hawaii ⁴	1943	102	94	38,281	14,398	2,419,304	1,295,258
	1942	100	93	37,499	13,670	2,859,964	1,515,557
Idaho.....	1943	44	34	4,199	1,655	210,154	85,672
	* 1942	46	34	4,324	2,103	259,110	133,085
Illinois.....	1943	811	782	334,846	* 223,257	24,973,297	13,206,074
	1942	849	836	349,936	* 231,730	27,765,716	17,035,979
Indiana.....	1943	343	302	* 107,736	* 63,814	* 6,111,686	3,234,452
	1942	337	299	* 101,673	* 64,453	* 5,631,891	3,423,880
Iowa.....	1943	240	212	41,690	22,112	2,626,649	2,006,400
	1942	243	214	44,037	* 25,465	3,173,641	2,496,219

See footnotes at end of table.

TABLE 1.—Operations of Credit Unions in 1942 and 1943, by States—Continued

State and type of charter	Year	Number of associations ¹		Number of members	Number of loans made during year	Amount of loans—	
		Chartered	Reporting			Made during year	Outstanding, end of year
Kansas.....	1943	133	121	38,162	21,665	\$2,201,252	\$1,092,536
	1942	145	133	28,889	18,003	2,134,745	1,819,197
Kentucky.....	1943	117	112	27,498	16,524	2,247,978	1,405,106
	1942	125	115	27,461	18,455	3,379,342	2,201,233
Louisiana.....	1943	175	134	31,603	18,220	1,936,933	952,416
	1942	166	138	32,922	30,381	3,130,165	1,196,904
Maine.....	1943	54	39	9,726	4,061	434,584	261,046
	1942	54	44	9,817	5,267	558,045	356,755
Maryland.....	1943	75	67	27,964	15,924	1,343,063	804,408
	1942	76	68	29,353	18,758	1,894,590	945,858
Massachusetts.....	1943	563	532	256,302	120,978	22,168,017	15,211,316
	1942	568	544	255,836	158,057	24,629,075	16,132,974
Michigan.....	1943	278	243	106,136	49,636	7,722,250	5,497,141
	1942	282	249	101,136	59,415	10,564,345	6,155,480
Minnesota.....	1943	381	343	68,487	41,535	3,625,376	5,420,834
	1942	394	362	73,092	46,308	4,876,474	6,273,488
Mississippi ⁴	1943	30	26	11,450	5,700	651,057	404,542
	1942	28	24	11,021	5,402	719,131	263,064
Missouri.....	1943	391	381	96,623	50,342	5,740,274	3,520,332
	1942	395	382	98,343	64,492	6,686,808	4,810,631
Montana.....	1943	45	37	5,868	2,176	277,280	142,740
	1942	45	39	5,862	2,581	269,673	155,209
Nebraska.....	1943	206	192	34,122	19,234	3,871,903	1,560,038
	1942	212	208	35,803	26,296	3,885,935	1,834,326
Nevada ⁴	1943	6	4	635	137	17,644	7,242
	1942	6	5	675	185	21,687	12,299
New Hampshire.....	1943	16	15	5,948	3,135	656,434	606,649
	1942	17	17	5,923	3,470	908,082	662,337
New Jersey.....	1943	282	232	104,500	62,353	6,417,190	2,666,516
	1942	280	245	113,361	79,370	6,905,554	3,267,671
New Mexico ⁴	1943	19	15	1,476	542	54,043	28,538
	1942	19	14	1,485	798	88,636	45,751
New York.....	1943	933	737	286,851	153,746	25,246,435	14,056,090
	1942	928	799	300,050	193,080	31,538,905	17,196,206
North Carolina.....	1943	188	154	28,581	19,950	2,231,635	1,215,305
	1942	187	173	32,232	27,763	2,695,972	1,556,658
North Dakota ³	1943	115	87	9,887	3,569	558,339	335,791
	1942	114	65	8,602	5,178	458,744	239,481
Ohio.....	1943	680	597	216,627	103,264	13,258,049	6,665,583
	1942	718	642	224,545	114,374	13,902,793	7,850,789
Oklahoma.....	1943	89	75	18,873	8,764	1,174,373	677,717
	1942	87	77	19,447	11,720	1,397,850	744,911
Oregon.....	1943	92	77	14,025	5,850	879,082	569,731
	1942	92	81	16,382	9,210	1,096,449	772,255
Pennsylvania.....	1943	702	573	219,647	113,012	13,120,655	6,667,170
	1942	694	598	241,814	134,965	15,435,996	8,164,499
Rhode Island.....	1943	40	33	24,553	7,232	1,574,520	3,331,938
	1942	40	34	23,814	7,980	1,486,372	3,343,196
South Carolina.....	1943	62	32	8,168	5,647	448,872	199,940
	1942	61	36	7,825	9,624	623,099	293,487
South Dakota ⁴	1943	37	32	5,165	3,050	296,487	126,812
	1942	37	32	5,191	3,655	378,327	176,704
Tennessee.....	1943	165	126	35,216	30,037	3,579,940	1,413,518
	1942	160	132	39,065	31,778	4,135,787	1,680,836
Texas.....	1943	447	352	80,773	50,934	5,805,904	3,314,809
	1942	456	391	89,496	64,545	7,282,265	4,307,161
Utah.....	1943	73	67	11,327	5,566	763,993	515,792
	1942	72	66	12,007	6,862	906,272	593,058
Vermont.....	1943	11	9	1,390	1,117	75,456	24,971
	1942	10	8	1,108	1,059	60,483	22,180
Virginia.....	1943	126	86	26,243	17,201	1,862,480	1,020,981
	1942	127	97	28,854	19,241	2,061,500	1,081,232
Washington.....	1943	229	200	39,852	17,276	2,328,995	1,298,075
	1942	248	220	44,614	22,585	2,765,767	1,870,228
West Virginia.....	1943	82	64	16,269	8,639	806,435	485,553
	1942	75	56	17,151	11,808	1,060,274	605,213
Wisconsin.....	1943	572	571	162,615	74,023	8,081,679	4,050,187
	1942	597	596	168,614	75,034	9,428,179	6,221,555
Wyoming ⁴	1943	25	19	2,661	1,166	162,000	78,057
	1942	22	18	2,601	1,557	162,622	75,005

¹ Most of the difference between the total number of associations and the number reporting is accounted for by associations chartered but not in operation by the end of the year and associations in liquidation which had not relinquished their charters.

² Revised. ³ Partly estimated.

⁴ Federal associations only; no State-chartered associations in this State.

⁵ Preliminary; subject to revision.

In table 2 are shown share capital, total assets, and earnings of the credit unions in 1943, by States. Total dividends paid (not shown in the table) aggregated \$5,335,891, of which the State-chartered associations accounted for \$3,616,991 and the Federal associations for \$1,718,900. The comparable figures for 1942 were \$7,410,956 (\$5,176,376 and \$2,234,580).

TABLE 2.—Assets and Earnings of Credit Unions, 1942 and 1943, by States

State, and type of charter	Year	Number of associations reporting	Paid-in share capital	Total assets	Net earnings
All States.....	1943	9,079	\$309,122,657	\$362,066,401	\$6,682,465
	1942	9,470	288,998,709	340,347,742	10,701,805
State associations.....	1943	5,220	192,133,683	235,118,316	4,629,148
	1942	5,400	179,499,908	221,114,849	7,429,969
Federal associations.....	1943	3,859	116,988,974	126,948,085	2,053,317
	1942	4,070	109,498,801	119,232,893	3,271,836
Alabama.....	1943	77	2,227,345	2,643,057	73,975
	1942	87	2,051,535	1,642,365	105,747
Arizona.....	1943	24	315,230	346,669	4,539
	1942	22	328,169	366,012	14,616
Arkansas.....	1943	28	228,509	265,661	6,267
	1942	29	316,167	295,160	18,399
California.....	1943	453	20,418,860	23,769,529	401,137
	1942	457	19,913,588	23,434,151	763,777
Colorado.....	1943	102	2,437,851	2,859,206	88,401
	1942	109	2,342,299	2,786,506	118,262
Connecticut ¹	1943	170	12,066,230	12,814,434	196,884
	1942	179	10,993,157	11,502,563	213,048
Delaware ²	1943	10	174,942	189,575	3,836
	1942	11	174,991	192,971	8,675
Dist. of Columbia.....	1943	104	5,578,453	6,208,343	208,317
	1942	109	5,647,030	6,359,314	305,817
Florida.....	1943	163	3,846,725	4,288,275	101,022
	1942	171	3,326,868	3,702,059	121,211
Georgia.....	1943	140	1,513,058	4,274,015	95,347
	1942	112	2,702,178	3,229,500	138,622
Hawaii ³	1943	94	7,249,305	7,722,958	140,234
	1942	93	5,753,100	6,288,585	147,327
Idaho.....	1943	34	235,087	282,502	3,832
	1942	34	233,032	254,098	8,791
Illinois.....	1943	782	37,459,420	40,530,988	870,016
	1942	836	35,923,618	38,962,147	1,998,263
Indiana.....	1943	302	10,063,904	11,240,133	155,398
	1942	299	8,501,601	9,271,218	268,486
Iowa.....	1943	212	4,580,440	5,399,954	105,871
	1942	214	4,257,433	5,038,269	163,846
Kansas.....	1943	121	2,533,557	2,774,196	41,855
	1942	133	2,218,741	2,449,985	67,461
Kentucky.....	1943	112	2,717,304	3,142,293	64,187
	1942	115	2,928,117	3,391,000	159,135
Louisiana.....	1943	134	2,528,651	2,854,399	51,129
	1942	138	2,492,332	2,823,718	92,396
Maine.....	1943	39	707,177	837,191	7,769
	1942	44	581,195	854,201	21,419
Maryland.....	1943	67	2,003,147	2,308,565	57,055
	1942	68	1,985,122	2,282,714	77,079
Massachusetts.....	1943	532	33,680,668	37,708,886	404,781
	1942	544	26,245,640	35,149,715	787,069
Michigan.....	1943	243	15,138,030	17,119,270	299,076
	1942	249	13,298,564	15,108,271	720,374
Minnesota.....	1943	343	7,948,880	10,854,485	191,824
	1942	362	7,579,564	10,342,219	287,468
Mississippi.....	1943	26	481,619	573,433	36,135
	1942	24	435,549	524,505	40,771
Missouri.....	1943	381	9,552,899	10,754,830	211,052
	1942	382	9,217,904	10,438,349	372,696
Montana.....	1943	37	319,116	342,968	7,235
	1942	39	275,020	301,675	10,222
Nebraska.....	1943	192	2,706,564	9,140,793	60,440
	1942	208	1,899,086	6,861,883	97,045
Nevada ⁴	1943	4	25,967	27,731	1,621
	1942	5	27,883	30,181	1,061
New Hampshire.....	1943	15	456,783	961,923	27,009
	1942	17	438,575	864,341	29,963
New Jersey.....	1943	232	9,608,620	10,427,122	167,724
	1942	245	10,019,623	10,778,428	246,322

See footnotes at end of table.

TABLE 2.—Assets and Earnings of Credit Unions, 1942 and 1943, by States—Continued

State, and type of charter	Year	Number of associations reporting	Paid-in share capital	Total assets	Net earnings
New Mexico †	1943	15	\$81,277	\$88,406	\$1,073
	1942	14	88,568	97,505	3,583
New York	1943	737	30,059,947	34,571,925	750,686
	1942	799	29,714,990	34,544,948	†980,620
North Carolina	1943	154	2,157,698	2,654,012	†38,576
	1942	173	1,912,108	2,429,129	†93,103
North Dakota	1943	87	1,026,949	1,070,403	13,128
	1942	65	562,725	608,988	14,701
Ohio	1943	597	20,088,728	21,667,171	279,800
	1942	642	18,494,000	20,291,518	592,528
Oklahoma	1943	75	620,381	1,550,882	22,398
	1942	77	585,320	1,455,254	53,378
Oregon	1943	77	1,529,369	1,706,777	27,993
	1942	81	1,559,762	1,753,322	54,244
Pennsylvania	1943	573	17,882,515	19,908,133	374,554
	1942	598	17,525,002	19,517,605	581,846
Rhode Island	1943	33	3,285,301	7,336,394	127,894
	1942	34	3,153,452	6,288,949	114,082
South Carolina	† 1943	32	496,615	569,395	11,232
	1942	36	748,486	806,121	21,999
South Dakota †	1943	32	377,361	411,333	6,889
	1942	32	313,410	350,600	13,049
Tennessee	1943	126	3,251,485	3,888,795	153,332
	1942	132	3,158,532	3,820,841	158,905
Texas	1943	352	8,515,702	10,175,024	232,703
	1942	391	8,744,179	9,741,357	362,981
Utah	1943	67	1,121,876	1,266,393	† 20,373
	1942	66	1,002,184	1,133,225	† 30,490
Vermont	1943	9	65,313	67,836	1,705
	1942	8	50,341	52,823	1,130
Virginia	1943	86	1,538,842	2,001,184	42,510
	1942	97	1,726,798	2,208,639	† 59,528
Washington	1943	200	3,943,244	4,376,328	98,525
	1942	220	4,103,579	4,546,851	189,404
West Virginia	1943	64	691,295	1,131,652	18,631
	1942	56	900,282	1,153,576	33,846
Wisconsin	1943	571	13,141,158	14,732,317	373,076
	1942	596	12,364,551	13,876,922	528,928
Wyoming	1943	19	165,060	178,638	4,358
	1942	18	127,701	141,433	6,294

† Revised figures.

‡ Data partly estimated.

§ Federal associations only; no State-chartered associations in this State.

In order that a comparable record may be maintained for Nebraska, detailed data for the various types of associations in operation in that State for 1943 are shown in table 3.

TABLE 3.—Operations of Credit Associations in Nebraska, 1943, by Type of Association and Charter

Type of association and charter	Number of associations		Number of members	Number of loans made during year	Amount of loans—		Paid-in share capital	Total assets	Net earnings
	Total	Report-ing			Made during year	Outstand-ing, end of year			
All associations	206	192	34,122	19,234	\$3,871,903	\$1,560,038	\$2,706,564	\$9,140,793	\$60,440
State-chartered	170	161	25,077	15,042	3,381,791	1,313,970	1,883,940	8,251,032	48,584
Credit unions	32	32	6,920	3,974	506,802	288,659	786,852	873,975	11,241
Cooperative credit associations									
Occupational and associational	41	33	4,068	2,077	313,152	188,846	219,256	573,464	4,205
Residential	97	96	14,089	8,991	2,561,837	836,405	877,832	6,803,593	33,138
Federal-chartered	36	31	9,045	4,192	490,112	246,068	822,624	889,761	11,856

A comparison of operating experience in 1942 and 1943, for the State and Federal credit unions, all States combined, is given in table 4.

TABLE 4.—Comparison of Federal and State Credit Unions, 1942 and 1943

Item	Percent of change, 1942 to 1943		
	State-chartered associations	Federal associations	Total
Total number of associations chartered, end of year.....	-4.4	+2.2	-1.3
Number of members.....	-3.3	-3.4	-3.3
Number of loans made.....	-14.3	-15.6	-14.8
Amount of loans granted during year.....	-15.3	-15.6	-15.4
Amount of loans outstanding, end of year.....	-16.7	-17.8	-16.5
Paid-in share capital.....	+7.0	+6.8	+6.9
Total assets.....	+6.3	+6.5	+6.3
Net earnings.....	-37.7	-37.2	-37.5

Some Developments in the Credit Union Movement in 1943

Closer relationships between the consumers' cooperative and the credit union movements were the purpose of a joint meeting of executives of the Cooperative League of the U. S. A. and the Credit Union National Association in March 1943. The meeting recommended the formation of a credit union in every local cooperative, the extension of cooperative auditing services to credit unions, and the exchange of motion-picture films, transcriptions, and literature between the two movements. The need for a banking structure to serve both consumers' and credit cooperatives was emphasized. In the same month the consumers' cooperatives formed the National Cooperative Finance Association authorized by the Cooperative Congress of 1940, and later in the year the credit unions, in annual meeting, authorized the formation of a national credit union bank.

CHANGES IN CREDIT UNION LEGISLATION

A number of States made minor amendments in the credit union laws and several States amended the law in important respects. In one State (Nebraska) an entirely new act was passed.

Supervision of Alabama credit unions was transferred from the Superintendent of Insurance to the Superintendent of Banks (Act No. 95) and regular State audits were provided for, with a scale of fees varying according to the credit union's assets (Act No. 94).

In Georgia credit unions will hereafter be taxed on shares outstanding instead of on total assets; examination fees were increased (Act No. 419).

In Illinois the maximum amount of loan permitted on the applicant's own signature was raised to \$300. On secured loans the maximum was raised from \$1,000 to \$1,600, with the proviso that no loan above \$1,000 shall bear interest of over one-half of 1 percent per month. Credit unions were forbidden to make loans on the security of real estate, but lending by one credit union to another was authorized. Hereafter, credit unions of public employees may be given free office space in public buildings. (Acts of 1943, p. 477.)

The Maryland Legislature exempted the income of credit unions from taxation and substituted for the previous share-capital tax one on tangible personal property (ch. 785).

By Chapter 647 any Minnesota credit union is permitted to transfer to another credit union not to exceed 22 percent of the unimpaired assets and to borrow an amount not exceeding 35 percent of its unimpaired assets; the amendment also permits loans to credit union officers and committee members under certain conditions, with the combined membership of board of directors, supervisory committee, and credit committee (excluding the borrower) acting as a special credit committee. Another amendment (ch. 20) required that no member shall be allowed to vote at meetings who does not own at least one fully paid share; the voluntary-dissolution provisions were also amended.

In Nebraska credit unions had operated under the so-called "cooperative credit associations" law of 1929. As that law did not contain the usual requirement of credit union acts—that members must have a common bond of association, in order to be chartered—many organizations had been incorporated under it that dealt with all comers throughout a whole community and had become for all practical purposes commercial banks. A new law was passed in 1943 (ch. 17) that established the usual credit union standards. It prohibits proxy voting, allows acceptance of deposits, permits unsecured loans up to \$300 (but not in excess of 20 times the amount of the borrower's paid-in shares), authorizes the return of patronage refunds on interest paid by borrowers at the option of the association, and permits the establishment of a central credit union for the use of the credit union officers and committee members of a locality. Taxation is imposed at the rate of 4 mills per dollar of gross interest income. The act provides that associations now operating under the 1929 law may convert into credit unions under the present law.

Extensive revisions were made in the Washington act (by chapter 131, Acts of 1943). The provision directing the Supervisor of Savings and Loan Associations to examine the applications for charter to determine whether the association is organized for purposes consistent with the act and the incorporators are persons of good character is amended by the insertion of the clause: "and he shall further determine the economic advisability for such credit union, taking into consideration all surrounding facts and circumstances pertaining to a successful operation of said credit union." Credit unions are forbidden to acquire or own real estate, except through foreclosure of loans secured by real estate. Joint accounts are specifically permitted. Credit-union borrowings are limited to not over 10 percent of the assets. The right to make loans to directors, secured by negotiable paper of the kinds permitted as investments by mutual savings banks, was repealed. No borrower may hereafter have an aggregate liability to the association exceeding \$100 or 10 percent of the credit-union assets, whichever is greater. The maximum dividend on shares is reduced from 8 to 6 percent, unless the sum of guaranty fund and undivided earnings exceeds 15 percent of the assets, but surplus earnings may be distributed to borrowers as patronage refunds on interest paid by them. The Supervisor of Savings and Loan Associations is given authority to suspend the operations of any credit union if its capital is impaired or it violates the law. Other amendments decrease from three-fourths to two-thirds the membership vote required for a change in bylaws, increase the maximum member's holdings (shares

and deposits) from \$2,000 to \$2,500, reduce the maximum interest on deposits from 6 to 4 percent, require borrowers to have at least 1 fully paid share, exempt from taxation the shares and deposits of credit unions but provide for taxes on their personal and real property, and specify procedure for transforming a State-chartered association into a Federal credit union.

Trend of Development, 1936 to 1943

The trend of credit union development as a whole as well as for the two types of organizations is shown in table 5.

TABLE 5.—Relative Development of State and Federal Credit Unions, 1936 to 1943

[Revised figures for State associations for 1942]

Item and year	Total associations	State-chartered associations	Federal-chartered associations
Number of credit unions:			
1936.....	5,352	3,490	1,862
1937.....	6,292	3,792	2,500
1938.....	7,314	4,299	3,015
1939.....	8,326	4,782	3,544
1940.....	9,479	5,269	4,210
1941.....	10,456	5,663	4,793
1942.....	10,602	5,622	4,980
1943.....	10,470	5,382	5,088
Membership:			
1936.....	1,170,445	854,475	315,970
1937.....	1,588,236	1,055,736	532,500
1938.....	1,927,226	1,236,826	690,400
1939.....	2,405,377	1,459,377	946,000
1940.....	2,815,558	1,695,358	1,120,200
1941.....	3,529,097	2,132,401	1,396,696
1942.....	3,144,603	1,797,084	1,347,519
1943.....	3,040,682	1,738,319	1,302,363
Amount of loans during year:			
1936.....	\$100,199,695	\$84,541,635	\$15,658,060
1937.....	147,210,321	110,625,321	36,585,000
1938.....	180,847,548	129,058,548	51,789,000
1939.....	238,903,457	159,403,457	79,500,000
1940.....	306,092,625	201,105,625	104,987,000
1941.....	362,291,005	227,959,046	134,331,959
1942.....	250,000,284	158,463,317	91,536,967
1943.....	211,469,725	134,204,343	77,265,382
Total assets:			
1936.....	83,070,952	73,659,146	9,411,806
1937.....	115,399,287	97,087,995	18,311,292
1938.....	147,156,416	117,672,392	29,484,024
1939.....	192,723,812	145,226,718	47,497,094
1940.....	252,293,141	180,198,260	72,094,881
1941.....	322,214,816	216,557,977	105,656,839
1942.....	340,347,742	221,114,849	119,232,893
1943.....	362,066,401	235,118,316	126,948,085

PERCENTAGE DISTRIBUTION

Year	Total number of associations		Membership		Amount of loans during year		Total assets	
	State	Federal	State	Federal	State	Federal	State	Federal
1936.....	65.2	34.8	73.0	27.0	84.4	15.6	88.7	11.3
1937.....	60.3	39.7	66.5	33.5	75.1	24.9	84.1	15.9
1938.....	58.8	41.2	64.2	35.8	71.4	28.6	80.0	20.0
1939.....	57.4	42.6	60.7	39.3	66.7	33.3	75.4	24.6
1940.....	55.6	44.4	60.2	39.8	65.7	34.3	71.4	28.6
1941.....	54.0	46.0	60.5	39.5	63.0	37.0	67.2	32.8
1942.....	53.0	47.0	57.1	42.9	63.4	36.6	65.0	35.0
1943.....	51.4	48.6	57.2	42.8	63.4	36.5	64.9	35.1

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