

In Whose Interest? The Early Years of the First Caisse Populaire, 1900-1945

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Article abstract

In 1900 Alphonse Desjardins opened the first caisse populaire at Lévis, a small town located across the St. Lawrence from Quebec City. Many historians have seen the establishment and the early operations of the Caisse populaire de Lévis in heroic terms, as it proved to be the beginning of the development of a vast cooperative movement. Desjardins and his colleagues were described as disinterested men only desirous of providing financial services to the poor. This characterization has a certain validity, as credit was made available that could not have been found elsewhere. Nevertheless, such a perspective ignores the fact that the founders of the caisse and their successors were members of the local petite bourgeoisie who were profoundly insecure regarding their place in an industrializing Quebec. As a result, the operations of this caisse up to the end of World War II were not always in the best interests of the poorer elements of Lévis.

In Whose Interest? The Early Years of the First Caisse Populaire, 1900–1945

RONALD RUDIN

Résumé

In 1900 Alphonse Desjardins opened the first caisse populaire at Lévis, a small town located across the St. Lawrence from Quebec City. Many historians have seen the establishment and the early operations of the Caisse populaire de Lévis in heroic terms, as it proved to be the beginning of the development of a vast cooperative movement. Desjardins and his colleagues were described as disinterested men only desirous of providing financial services to the poor. This characterization has a certain validity, as credit was made available that could not have been found elsewhere. Nevertheless, such a perspective ignores the fact that the founders of the caisse and their successors were members of the local petite bourgeoisie who were profoundly insecure regarding their place in an industrializing Quebec. As a result, the operations of this caisse up to the end of World War II were not always in the best interests of the poorer elements of Lévis.

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En 1900, Alphonse Desjardins ouvrait la première caisse populaire à Lévis, petite ville sur le Saint-Laurent, en face de Québec. Beaucoup d'historiens ont parlé en termes élogieux de la fondation et de l'établissement de la Caisse populaire de Lévis, car ils ont vu dans cette initiative l'origine du vaste mouvement coopératif. Ils ont décrit Desjardins et ses collaborateurs comme des hommes désintéressés, uniquement préoccupés de fournir des services financiers aux pauvres. Une telle présentation ne manque pas de fondement, étant donné que la caisse populaire offrait aux pauvres le crédit qu'ils ne pouvaient obtenir dans les autres institutions financières. Néanmoins, cette interprétation ne tient pas compte du fait que les fondateurs de la Caisse populaire de Lévis et leurs successeurs appartenaient à la petite bourgeoisie locale, et que celle-ci souffrait alors d'une profonde insécurité dans un Québec en voie d'industrialisation. En conséquence, pour la période allant de sa fondation à la fin de la Deuxième Guerre mondiale, la Caisse populaire de Lévis n'a pas toujours servi les meilleurs intérêts des éléments les plus pauvres de la population.

This paper forms part of a larger project dealing with the history of the caisses populaires of Quebec from 1900 to 1945. This project has been funded by a grant from SSHRC for whose support I am most grateful. My thanks also go to the Caisse populaire de Lévis which gave me access to its rich archives.

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The second half of the nineteenth century was a difficult time in both North America and Europe for that group of people normally known as the petite bourgeoisie. The lawyers, doctors, notaries, clerics, and small businessmen who constituted this group found their position in society threatened by the consequences of the industrial revolution and the subsequent concentration of economic power. The lower classes in society, particularly those living in rural areas, were no longer under the influence of this class as they moved to cities where they became increasingly concerned with the problems of survival and the dictates of their bosses. In addition to a loss of status, however, there was also a very real danger to the economic well-being of these professionals and small businessmen as new competitors emerged to provide the same services. Most notable in this regard was the crisis for small merchants in the face of the rise of the department store and the mail-order business. This concern for economic survival also extended to professionals, such as notaries and doctors, who saw clients abandoning them to take advantage of cheaper, and perhaps less qualified, practitioners.

It was in this context that members of the petite bourgeoisie on both sides of the Atlantic sought ways by which their place within society might be redefined and revitalized. In Europe the Catholic church responded to this crisis by involving itself in a programme of social action that was designed to reestablish its role in the lives of the workers of the cities. Most notable in this programme was the support by the church for Catholic trade unions.¹ Equally active in their efforts to reaffirm their place in society were the small businessmen and professionals of the rural parts of Europe who saw the movement of small landholders to the cities as a threat to their own well-being. In response to this situation these members of the petite bourgeoisie aided in the creation of new credit facilities to try to keep the population on the land.² In North America a similar sort of drive for social and economic well-being was waged by this embattled class. Protestant ministers on both sides of the forty-ninth parallel became increasingly responsive to the needs of the members of their congregations, and lawyers and doctors eagerly supported campaigns to give new credibility to their professions.³

The North American efforts by the petite bourgeoisie to reestablish its place in society were not restricted to the English-speaking parts of the continent. Quebec was also experiencing the same social and economic changes described above, and its professionals and small businessmen sought means to strengthen their place in an urban and industrialized society. The Catholic clergy, following upon the European initiatives, supported the development of various institutions, ranging from orphanages to trade unions, to give itself a more important role within this new Quebec society.⁴ As for the notaries, who had long played a crucial role in Quebec though their handling of

1. Jean Hamelin and Nicole Gagnon, *Histoire du catholicisme québécois* (Montreal, 1984).
2. André Gueslin, *Les origines du crédit agricole* (Nancy, 1978).
3. Richard Hofstadter, *The Age of Reform* (New York, 1955); Robert Wiebe, *The Search for Order* (New York, 1967); Paul Starr, *The Social Transformation of American Medicine* (New York, 1982); Richard Allen, *The Social Passion* (Toronto, 1971).
4. Hamelin and Gagnon, 192-7.

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the paper work relevant to a wide array of economic activities, they complained about the emergence of new institutions to take their place. André Vachon has noted that in terms of the processing of mortgages, "les compagnies de prêts et de placements formées à la fin du «dix-neuvième» siècle enlevèrent aux notaires une bonne partie de leur clientèle; les banques, en ouvrant des succursales dans tous les centres de quelque importance, contribuèrent à diminuer encore les prêts hypothécaires en facilitant l'es-compte." In more general terms, Vachon noted, "Par suite du développement de l'instruction, nombreux étaient les notaires improvisés qui dressaient les conventions les plus diverses."⁵ Beyond the professionals, Quebec's small businessmen also felt the problems brought on by the need to depend for credit and supplies on the very large enterprises with which they were frequently in competition. As Paul-André Linteau, René Durocher and Jean-Claude Robert have observed, these businessmen were forced to operate "dans des situations précaires; leur marginalisation dans l'ensemble de l'économie est évidente."⁶

For members of Quebec's petite bourgeoisie, as was the case for their counterparts in Europe and elsewhere in North America, the twentieth century held concerns both from above and from below. From above, they had to face the emergence of a powerful centralized control over the economy that threatened both their social and economic influence within society. From below, they feared an ever-growing propertyless mass of French-speakers, concentrated in the cities and potentially rebellious if the experience of Europe was of any validity. It was into such an environment that the first successful credit union movement in North America was born on 6 December 1900. On that date Alphone Desjardins, previously best known as a recorder of debates in both the Quebec legislature and the House of Commons, joined with other residents of his home town of Lévis to create the first *caisse populaire*.

Up to this point, the savings of Canadians had been handled by financial institutions that went by a variety of titles. The chartered banks, savings banks, mortgage and loan companies, and insurance companies that controlled nearly all the savings of Canadians at the start of the century were united by the fact that they were owned and operated by the individuals who possessed the majority of their capital stock. The clients of these institutions had no say in their affairs; if a client were unhappy about the interest paid on savings or his ability to secure credit upon reasonable terms, his only option was to go to another institution.

The *caisse populaire* was designed to provide another option. Based on elements of various European credit unions that came into existence during the second half of the nineteenth century, the *caisse populaire* was an institution that was to be both owned and operated by its clients; in this sense it subscribed to the most basic concept of a cooperative enterprise. No one could do business with the *Caisse populaire de Lévis* unless he owned at least one share in the institution. Each share was to be sold for five dollars, with the option of payment in weekly instalments of ten cents to encourage

5. André Vachon, *Histoire du notariat canadien* (Québec, 1962), 138.

6. Paul-André Linteau et al, *Histoire du Québec contemporain: de la confédération à la crise* (Montréal, 1985), 467.

the participation of the poorest elements in society. Moreover, the participation of the poor was to be encouraged by giving all members of the association, no matter how many shares they owned, only one vote at the general meetings of the caisse at which the administrators for the year were chosen and other policy issues discussed.

In addition to its democratic aspects, the caisse populaire was to stand out from other financial institutions of the time by its complete autonomy. At the turn of the century, the Canadian banking system, based from its very beginnings on the principle that savings from numerous branches should be moved to a distant head office for reinvestment, was in the midst of a long period of concentration. In this context, Desjardins preached the need for a credit union that would completely manage the funds of the local population. He called for the establishment of cooperatives that would limit themselves "to a very limited area, a municipality or a parish, as the case may be."⁷ Accordingly, membership in the Caisse populaire de Lévis (hereafter CPL) was restricted to residents of the immediate vicinity, and since business could only be transacted with members, local savings would be preserved for local purposes.

The final guiding principle in the establishment of the first caisse pertained to the use of these savings within the community. The founders of the caisse expressed the desire in one of their organizational meetings to give preference to the granting of small loans so as to encourage the extension of credit to the maximum number of members.⁸ Moreover, these loans were to be granted only for "productive" purposes. Credit for the purchase of seed was acceptable, as it would lead to the financial security of the borrower, but credit for the purchase of an extravagance was to be rejected. By collecting its members' savings and by extending credit for only a very narrow range of activities, the CPL was to instill the habits of thrift. As F.X. Gosselin, the curé of Lévis, noted at the public meeting that launched the CPL, this institution was to be of great help "parmi les classes laborieuses, en les entraînant à pratiquer la prévoyance."⁹

Between 1900 and his death in 1920 Desjardins did nothing to contradict the impression conveyed by Mgr. Gosselin that the guiding principles of these credit unions were designed to serve the needs of the lower classes. For instance, in 1911 he noted, "Il lui faut [au travailleur] un organe d'épargne, qui soit à lui, qu'il forme, qu'il administre, qu'il aime, parce qu'il est son oeuvre et qu'il en est le maître absolu."¹⁰ In a similar fashion, Desjardins testified before a committee of the House of Commons studying the question of cooperatives that such institutions would give "to the humblest people the all-powerful weapon of capital, however small it might be. . . . It will also help the

7. Canada. Parliament, House of Commons, *Journals*, 1907, app. 3, 176, testimony of Desjardins before special committee respecting industrial and cooperative societies.

8. *Ibid.*

9. Archives de la Caisse populaire de Lévis (ACPL), general meeting of members, 6 December 1900.

10. Alphonse Desjardins, "Discours aux Franco-Américains," 8 July 1911, in *Réflexions d'Alphonse Desjardins* (Lévis, 1986).

poorest classes by offering them the credit which they deserve when hard pressed by adverse circumstances."¹¹

By teaching the values of thrift and self-discipline to the workers of Lévis, the petite bourgeoisie sincerely hoped to improve the living conditions of this class. At the same time Desjardins and his colleagues were interested in turning the population away from radical thoughts and in reestablishing their own class as an important force in society. There was, they believed, nothing contradictory about the pursuit of these two goals. The founders of the first caisse populaire felt strongly about their duty to the poorer elements in the community. At the same time, however, they wanted to guarantee their leading role within a society undergoing profound change. Accordingly, Desjardins insisted upon "le rôle des classes dirigeantes qui doivent montrer le bon exemple aux autres classes."¹² What he sought was not a society based upon class conflict, but rather one in which the various classes worked together with the petite bourgeoisie occupying a leading role.

Such a balanced perspective, stressing the way in which the founders of the caisse populaire movement were motivated both by the desire to provide assistance to the poor as well as by concerns about their own position in society, has rarely been employed in accounts of the history of these institutions. Much has been written about the development of a vast cooperative enterprise from which the poorer elements in society could gain services unavailable elsewhere. Indeed, by 1945 there existed a system with nearly one thousand individual caisses controlling total assets of over \$100 million and providing services to over 300,000 members.¹³ As Cyrille Vaillancourt, an important leader in the caisse populaire movement, together with the historian Albert Faucher, noted, the efforts of Desjardins did much to improve the conditions of "le prolétaire des villes et des campagnes."¹⁴ Yves Roby has written in a similar manner: "L'influence de Desjardins s'est aussi perpétuée dans le temps. Depuis [son décès en] 1920, des générations de coopérateurs s'inspirent de ses idées pour travailler à l'amélioration du sort des classes laborieuses. . . Est-il besoin de souligner que le coopérateur lévisien mérite une place de choix dans la galerie des grands hommes de notre pays."¹⁵

The purpose of this paper is not to throw into doubt the contributions of Desjardins and his colleagues to the poor. Rather the goal here is to discuss both the aid provided by the caisses populaires to the poorer elements in the community and the central role

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11. Canada, Parliament, House of Commons, *Journals*, 1907, app. 3, 115.
 12. ACPL, general assembly of members, 19 December 1911.
 13. The year 1945 is the terminal date for both this paper and the larger project of which it is a part for several reasons. At the end of World War II the CPL and the caisses populaires in general were on the brink of an unprecedented period of expansion that would drastically alter their operations. Accordingly, in a business sense 1945 marks the end of an era. It was also the year of an important clash within the movement regarding the direction of these credit unions.
 14. Cyrille Vaillancourt and Albert Faucher, *Alphonse Desjardins: Pionnier de la coopération d'épargne et de crédit en Amérique* (Lévis, 1950), 48.
 15. Yves Roby, *Alphonse Desjardins* (Lévis, 1975), 108.

played by a particular social class in that process. To carry out such an analysis this paper will place the establishment and the operations of the first *caisse populaire* between 1900 and 1945 in the context of the structural changes that Quebec and much of the western world were undergoing at the turn of the century and which continued up to the end of the Second World War. Desjardins and his allies were sincere about the importance of aiding the poor, but at the same time they were also members of a particular class that was trying to cope with a new social and economic environment. Their leadership of the credit union movement offered the possibility of aiding both the working classes and themselves. This paper will examine the operations of the first *caisse populaire* up to the end of World War II by discussing the social composition of the membership of the CPL, the loan policies pursued by the *caisse*, and finally the background of the leaders of the institution.

ii

As the twentieth century began the leaders of Lévis had some very specific concerns of their own in addition to those shared by members of the *petite bourgeoisie* across the province. Their town, located directly across the St. Lawrence from Quebec City, had achieved a certain prominence by the start of the 1880s as an important railway centre. The Grand Trunk reached Lévis in 1854, followed by the Intercolonial in 1876 and the Quebec Central in 1881. Since Quebec City was experiencing some economic problems at the time with the decline of its timber trade and shipbuilding industry, and since it lacked any rail link until 1879, some in Lévis imagined a day when their city would surpass Quebec. As the poet Louis Frechette wrote in an ode to Lévis, "Tu surgis...et Québec, ta rivale, a pâli."¹⁶

Such dreams had long since evaporated, however, by the start of the twentieth century. Quebec City's rail links had by then eaten into Lévis' transshipment role and resulted in the decline of activity at its port. The city's population barely increased between 1881 and the turn of the century, and affairs did not take a turn for the better after 1900. The city's largest industry, the firm of Carrier et Lainé, which employed six hundred workers in its machine shops in the late 1890s, was closed by 1906. The last blow for Lévis' dreams as an independent centre of some importance came in 1917 when the Quebec bridge was built, allowing rail traffic from the south shore of the St. Lawrence to move easily to Quebec City. As one group of researchers has noted, after 1917 "Québec ravit à Lévis sa vocation de carrefour ferroviaire et lui fait perdre les avantages de localisation industrielle aussi primordiaux que l'existence de quais commodes et d'un réseau ferroviaire précocement installé."¹⁷ The city experienced some short-lived spurts of economic activity due to shipbuilding during the two world wars, but by and large the first half of the twentieth century was less than kind to Lévis.

It was in the context of a province undergoing major structural changes and a city whose economy was stagnant that nine men met at the home of Alphonse Desjardins in

16. Cited in *Centenaire de Lévis, 1861-1961* (Lévis, 1961).

17. GIRAM, *Evolution des axes commerciaux traditionnels de Lévis et Lauzon* (Lauzon, 1985), 19.

September 1900 to discuss the possibility of opening the sort of credit union that Desjardins had been considering since 1897. While much of the discussion that took place pertained to the interests of the workers and farmers of the vicinity, it is important to recognize that these founders of the CPL were largely representative of the professionals and small businessmen of the city. Only Joseph Delisle, a telegraph operator, fell outside these two categories of local leaders. Given the social positions of most of these men, it is perhaps not surprising that in addition to declaring their support for the poorest labourers of the city they also sought to aid local merchants and industrialists.¹⁸

Following a month of regular meetings at which the details of the operations of the caisse, ranging from the maximum number of shares that any member could own to the maximum amount that could be loaned, were discussed, the founders were ready to take their plan to the public. The public meeting of 6 December 1900, however, still did not bring to the caisse a group of people who were representative of the population. While Desjardins boasted that this assembly was attended by "plus de cent citoyens représentant les diverses classes de la population," the fact is that the professionals and small businessmen of the city were once again overrepresented.¹⁹ As Table 1 indicates, these two groups which accounted for only 20 per cent of the population of Lévis made up over 50 per cent of the people who signed up as members of the CPL at its first public meeting; moreover they controlled nearly 60 per cent of the shares acquired at that meeting. Within the two leading groups, priests and merchants were particularly conspicuous, members of each occupation making up 15 per cent of all those who attended the CPL's first meeting, but only 4 per cent and 2 per cent respectively of the city's population.²⁰ As for the poorest element in Lévis, the unskilled workers who sought day labour at the city's port, they made up nearly a quarter of the local population, but only 5 per cent of the people at the meeting.

This situation should not really come as any great surprise. The CPL was an enterprise with no precedent, and people, particularly the poor of Lévis, who had little in the way of resources, were understandably reluctant to commit their limited savings to such a venture. This would have been especially the case if they were aware of the

18. ACPL, preliminary meeting, 21 September 1900.

19. *Ibid.*, general meeting of members, 6 December 1900.

20. Throughout this paper references to the occupations of the population of Lévis are the result of an analysis of samples drawn from the Lévis city directory which was published annually. These samples were made up of all the entries in each year under study beginning with the letters "A" through "C". Such samples, which paralleled those collected for the CPL membership (see note 26 below), allowed me to collect information regarding approximately one-third of the entries in the directory. That these samples provide an accurate description of the Lévis population is made clear by a comparison of the 1945 sample with the occupational data presented in the 1941 census. No earlier comparison could be made due to an absence of census data. In nearly every occupational category there was scarcely any difference between the sample used here and the census. For instance, while the census indicated that 30 per cent of Lévis males were skilled labourers, my sample indicated a figure of 28 per cent.

Table 1
Occupations of the original CPL Members, 1900
% in each occupational category

Selected occupations	CPL Members	Lévis Population
Professionals	18	3
Small businessmen	36	16
Commercial employees	19	10
Skilled labourers	7	18
Unskilled labourers	5	25
N=	128	611

Source: ACPL, premier grand ledger; Lévis city directory, 1900-01.

crisis among the French-run banks of the province that had resulted in the permanent closure of two such institutions in the late 1890s and the temporary suspension of the operations of a third.²¹ What seems curious, however, was the failure of the CPL to broaden the social basis for its membership in any significant fashion until the 1920s. While information regarding the number of CPL members during its first decade in existence is sketchy, it would appear to have gradually increased, reaching nearly twelve hundred by 1913. This figure peaked at 1230 in 1917, only to fall to less than one thousand in 1926.

To a certain degree this decline in *caisse populaire* membership was common throughout the province. While there were over thirty-three thousand members in 1921, that figure was not surpassed again until 1925.²² One suspects that this general decline was a result of the loss of the savings by Quebecers, particularly rural ones, in the collapse of agricultural prices following the First World War. At the same time the savings that remained were being actively solicited by the large number of new branches established by the *Banque Provinciale*, the *Banque Nationale* and the *Banque d'Hochelega* during the early 1920s.²³ The merger of the last two banks in 1924 and the resultant closure of a number of branches no doubt aided the resurgence in *caisse populaire* membership across the province by the mid-1920s.

The difficulties faced by the CPL, however, predated the problems encountered by *caisses* across the province and were, at least in part, brought on by the leaders of the *caisse* through their policies related to the tax that had to be paid by each member upon the purchase of a share. From the very start of the operations of the CPL Desjardins was careful to establish policies that would force members to distinguish between the funds that they left with the *caisse* in the form of savings and those that they left

21. See this author's *Banking en français: the French Banks of Quebec* (Toronto, 1985), ch. 3.

22. All information in this paper pertaining to the *caisses populaires* in general comes from the annual statistics published in the *Annuaire du Québec* beginning in 1915.

23. *Banking en français*, ch. 6.

through their investment in shares. The former were refundable to the member upon demand, as were the latter with the difference that the member stood to lose the entry tax that he had been required to pay upon subscribing for the share. To create a certain part of the resources of the *caisse* which would not likely be withdrawn and which in turn would provide a certain stability for the institution, Desjardins instituted the entry tax which was set at the preliminary meetings of the founders in 1900 at ten cents for each five dollar share. Over time, however, this fee, which was supposed to be nominal and which was not conceived as a deterrent to membership in the *caisse*, gradually increased, reaching fifteen cents in 1907, twenty cents in 1910, thirty-five cents in 1917, seventy cents in 1922 and one dollar in 1923; it finally peaked at \$1.50 in 1924.

The justification for most of these increases was the directors' sense that the purchasers of new shares should pay a higher fee which was commensurate with increases in the annual dividends paid by the *caisse* to its shareholders. Just as interest was paid on savings, so were dividends, or *boni*, paid to the holders of CPL shares. The dividend was usually greater than the interest paid on savings to encourage members to add to the more stable part of the resources of the *caisse*. But as the *boni* steadily increased, reaching 7 per cent by the early 1920s, the directors felt that greater and greater increases in the entry tax were appropriate as the price that should be paid for receiving such a generous return.²⁴ The effect of these increases was to make membership in the CPL unthinkable for the poorest elements in the Lévis population, the very people that the *caisse* was set up to serve.

The result of this policy was clear by the late 1910s as the number of depositors outstripped the number of members. In 1917 there were over fourteen hundred depositors but only 1235 members; by 1926 this gap reached its maximum as the depositors numbered nearly twenty-four hundred and the members fewer than one thousand. Local residents, too poor to acquire one share in the face of the high entry tax, were still encouraged to leave their savings with the *caisse* by directors who feared the loss of an important part of the resources of the institution. As a result, in 1926 over half of the value of deposits held by the *caisse* were left by nonmembers.²⁵ Among the poorer elements in the population this situation was most pronounced, with only 15 per cent of the unskilled labourers with deposits in the *caisse* owning any shares in the institution. No matter how logical the encouragement of the depositing with the *caisse*

24. ACPL, general meeting of members, 25 January 1925.

25. All references to the members and depositors of the CPL, other than those simply stating the number at any one point in time, are derived from an analysis of all such people with last names beginning with the first three letters in the alphabet doing business with the *caisse* as of 30 November (the end of the fiscal year) in 1913, 1926, 1927, 1936, and 1945. Such an expedient was required by the difficulties encountered in using the ledgers of the *caisse* and by the numbers involved. As for the accuracy of the sample, the CPL archives contained references to the distribution of shares in the *caisse* among the membership. In every case, there was no difference between the distribution for my sample and that for the entire population. As for the depositors, I collected the occupations of all depositors in 1913 and again found no difference between the distribution of occupations among all depositors and the distribution for those included in my sample.

of the savings of nonmembers may have been in terms of business, it was a flagrant violation of one of the guiding principles upon which Desjardins launched the *caisses populaires*, namely the concept that business was to be transacted only with members. For the vast majority of unskilled labourers with deposits at the *caisse*, it was little more than a savings bank administered by the elected representatives of those sufficiently wealthy to own shares in the enterprise.

The formal justification for the actions of the directors was to be found in a clause of the Quebec legislation ruling cooperatives which permitted the borrowing of funds from nonmembers. It was clear, however, to at least one leader of the *caisse* that accepting the savings of people too poor to pay the entry tax was not what the law was designed to permit. In a 1926 letter to Raoul Desjardins (the son of Alphonse and the president of the *caisse* after his father's death in 1920), Elias Roy, a priest and a member of the *commission de surveillance* which watched over the management practices of the directors, threatened to resign if the entry tax were not immediately lowered. He called for the adoption of a policy by which "chaque déposant prenne au moins une part sociale."²⁶

In the end it was Desjardins who left his position, and not Roy, due to the apparent support for a return to the principles upon which the *caisse* was founded. Following the meeting of the board of directors of 30 December 1926 Desjardins was no longer president, although he stayed on as the manager of the *caisse* and as a director. More significantly, the same meeting responded to Roy's call for a change in the entry tax policy by setting the fee upon the first share purchased by a new member at ten cents so as to allow poorer residents of the community to become members of the *caisse*.²⁷

The result of this dramatic shift in policy was an equally striking increase in the number of members of the CPL from less than one thousand in 1926 to nearly seven-hundred one year later. More specifically, this new policy permitted the growth in the CPL's membership among the poorer elements of Lévis. Between 1926 and 1927 the number of unskilled workers who were members of the *caisse* increased by 400 per cent. As for the number of depositors, this figure declined over the same period as a certain number, still too poor to pay the entry fee and to purchase one share, took their deposits elsewhere. Still others stayed on as depositors without shares even though this was now clearly contrary to the policies of the directors. In 1927 30 per cent of the depositors who were unskilled labourers remained without shares and without a voice in the affairs of the *caisse*. Such depositors were gradually weeded out, and by the 1930s they could no longer be found leaving their savings with the *caisse*.

Due to the changes in policy that took place during the 1920s, the membership of the first *caisse populaire* became increasingly representative of all parts of the population of Lévis. Table 2 indicates that the professionals and small businessmen who made up over half of the original members accounted for only a third of the members

26. ACPL, miscellaneous correspondence, Roy to Raoul Desjardins, 1 December 1926.

27. *Ibid.*, minutes of conseil d'administration, 30 December 1926.

Table 2
CPL Membership and Lévis Population, 1913-45
% in each occupational category

Selected Occupations	1913		1926-27		Lévis	1936		1945	
	CPL	Lévis	CPL 1926	CPL 1927		CPL	Lévis	CPL	Lévis
Professional	14	5	13	12	4	18	6	12	5
Small Business	22	14	13	14	11	17	14	15	13
Commercial Employee	12	15	22	19	15	15	17	21	16
Skilled Labourer	24	19	24	23	21	17	21	20	27
Unskilled Labourer	7	23	2	9	23	8	21	10	14
N =	729	194	180	297	616	331	547	1099	656

Source: ACPL, membership ledgers; Lévis city directories, 1913-45; National Archives of Canada, federal electoral lists, 1935 and 1945.

members by 1913 and one quarter of the membership by 1926-27. The decline in the place held by the local elite between 1900 and 1913 was largely a product of the expansion of the membership among both skilled and unskilled workers. Nor is this surprising given the minimal increases in the entry tax prior to 1913. Between 1913 and 1926, however, while the relative position of the elite continued to decline, the percentage of members who were unskilled declined as well. It was the role of commercial employees, among whose number one could find accountants and insurance agents whose occupations were on the margin of the professional and proprietor categories, that increased in importance during this period of significant entry tax increases. The change in policy in 1926 then allowed the percentage of members who were unskilled labourers to increase once more among the 1927 sample, but this change was far from permanent as the Great Depression returned the elite groups to a more important place among the members of 1936.

During the Second World War the CPL (and for that matter all the caisses in the province) experienced an unprecedented surge in membership, due no doubt to the prosperity that the war engendered. For the Lévis caisse — whose membership had slowly increased from seventeen hundred in 1927 to twenty-eight hundred in 1942 — the next three years saw the total surpass the four thousand figure. For the province as a whole the increase in caisse membership was even more spectacular, more than doubling over the same period. No matter how striking these increases were in numerical terms, however, they had a certain social significance as well. In 1945 the percentage of CPL members who were unskilled labourers was 10 per cent, well above the figure recorded in 1926 and approaching the percentage of the Lévis population that belonged to the same group.

In spite of these changes in the membership of the CPL that brought it closer to the clientele for which it had been established, there was still a disproportionate representation of professionals, small businessmen, and commercial employees — the three groups that had been overrepresented ever since the founding of the *caisse*. Increased prosperity together with less exacting conditions of membership allowed the swelling of the ranks of the members of the CPL during the early 1940s, extending its benefits at the same time to a larger segment of the population. However, given the central role of the local elite in the establishment of the *caisse*, it was natural that that group consistently played a prominent role in the affairs of the institution throughout its first forty-five years in operation.

iii

The first decades in the operations of the first *caisse populaire* saw a slow evolutionary process in which the poorer elements in the community came to play an ever more visible role in its affairs. Parallel to these changes in the composition of the membership of the CPL, there were also significant changes in the lending policies of the institution, changes which once again indicated a growing responsiveness to the interests of the poorer elements within the community. This concern for the poor was reflected at the start of the operations of the *caisse* in the regulations designed to limit the value of any loan made to a member. At the founding meeting of the *caisse* this limit was set at one hundred dollars but within a year the ceiling had been raised to five hundred dollars. Conscious of the danger that members might see this change as a betrayal of one of the principles upon which the *caisse* was founded, Desjardins quite sensibly stressed, "Il importe de ne manquer de faire des prêts, parce que le montant autorisé est trop bas, car les fonds qui ne sont pas prêtés ne rapportent pas de profits, et sans profits, il est impossible de payer un dividende."²⁸ In the years that followed, this tendency to permit ever larger loans continued until 1913 by which time the limit for credit secured by a member's promissory note had reached three thousand dollars and even this limit could be exceeded by those wealthy few who owned shares in the *caisse* of a value equal to their loan.²⁹

If the desired effect of this policy was to encourage ever larger loans to members the administrators of the *caisse* were extremely successful. As Table 3 indicates there was a general decline between 1913 and 1945 in the importance of small loans among all credit extended upon the security of promissory notes. In terms of the number of loans granted, if one ignores the impact of the depression evident in the figures for 1935–36, there was a general decline in the number of loans under one hundred dollars,

28. ACPL, general assembly of members, 19 December 1901.

29. *Ibid.*, 14 December 1913.

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Table 3
Loans Secured by Promissory Notes, 1912-45
% in each size category for each fiscal year

Distribution by number of loans	less than \$50	50-100	100-500	500-1000	More than \$1000
1912-13 (N=992)	36	22	31	6	6
1925-26 (N=805)	39	18	30	8	6
1935-36 (N=97)	45	18	29	4	4
1944-45 (N=143)	14	22	45	12	7
Distribution by value of loans					
1912-13 (total value = \$225,659)	3	5	22	12	59
1925-26 (total value = \$233,763)	3	5	24	19	48
1935-36 (total value = \$14,817)	3	3	18	9	68
1944-45 (total value = \$83,894)	1	4	22	23	49

Source: ACPL, listes des prêts faits; the values of all loans have been converted into 1925 dollars to permit comparison.

and this takes into account changes in the cost of living.³⁰ As for the value of loans, even the data for the depression year are consistent with a general progression towards larger loans.

This apparent retreat from one of the guiding principles upon which the CPL had been founded was not lost upon some of the leaders of the institution. For instance, Mgr. Roy, whose disenchantment over the entry tax issue was noted above, also complained in 1926 about a situation in which "le nombre des petits prêts était bien peu considérable."³¹ In a similar fashion, Noel Lemieux, who served alongside Mgr. Roy on the commission de surveillance, expressed the fear in 1937 that the caisse was straying from the principle of providing credit to the poorest members of the community.³²

30. The information in this paper pertaining to the loans extended by the CPL between 1913 and 1945 comes from an analysis of all loans granted during selected years from that period. Reliable lists do not exist prior to 1913. Moreover, it is important to note that all comparisons between the size of loans at different dates have been facilitated by adjusting all loans so that they are expressed in 1925 dollars. There is much information in the *Annuaire du Québec* regarding the size of loans granted by the caisses, but this is of little comparative value due to the difficulties in adjusting those figures so as to reflect changes in the buying power of the dollar.

31. ACPL, miscellaneous correspondence, 1 December 1926, Roy to Raoul Desjardins.

32. *Ibid.*, minutes of commission de crédit, 12 March 1937.

Both of these critics of *caisse* policy assumed that poorer elements within the membership, presumably the very people who would seek only a few dollars of credit, were being disadvantaged by the practice of granting ever larger loans. In fact, however, there is no evidence that large numbers of credit-worthy poor members desirous of credit were systematically turned away. One must remember that the less wealthy parts of the population were underrepresented within the membership until the 1940s and were thus ineligible to take advantage of the resources of the *caisse*. Moreover, these people had long been accustomed to handling their affairs without recourse to credit from institutions, particularly from one in which their neighbours would be able to assess their assets and liabilities. Desjardins recognized the problem of educating people to seek credit from a *caisse* populaire. As he wrote to the manager of another *caisse* who was concerned about the lack of demand for loans, the situation was a function of "une malheureuse mentalité que le temps fera disparaître."³³

The failure of the poorer elements to avail themselves of the resources of the *caisse* becomes particularly clear upon a closer examination of the sorts of people who received even the smallest of loans. For instance, during the 1925–26 fiscal year 566 loans were granted to individual members upon the security of promissory notes. However, only seventy-one different members gained the benefit of this credit; even more significantly, four members were responsible for nearly half of these loans. Leading the way was one local businessman who secured credit upon 168 separate occasions. Nor were the loans to this member particularly large, as they averaged slightly more than one hundred dollars each while the average for all loans secured by promissory notes was close to two hundred dollars. This borrower, like other local businessmen and professional people, returned to the *caisse* frequently to secure short-term credit for his enterprise. Accordingly, 65 per cent of the total value of loans secured by promissory notes went to these two groups. In 1935–36 the figure reached 78 per cent as the poor found themselves needy but in no position to provide the security to take on a loan. By 1944–45 the percentage of loans going to the wealthier elements in the community declined to 60 per cent in the face of the growing prosperity brought on by the war and the larger role occupied by the poor within the CPL membership. Throughout most of the pre-1945 history of the *caisse*, however, much of its credit on the security of promissory notes went to the wealthier elements in the community. This credit was no doubt useful to the local elite in the midst of Lévis' economic woes. In the absence of a demand for credit from the poorer elements within the community, funds were made available to the groups which had been responsible for the very establishment of the *caisse*.

Even with the granting of credit to the wealthier members of the community, however, the *caisse* still suffered from a certain difficulty in using all of its funds profitably for local purposes as its founders had desired. Accordingly, the CPL became actively involved in the purchase of the bonds of what were called public institutions, usually municipalities, school commissions, or bodies connected with the Catholic church. Just as it was necessary to raise the ceiling upon loans so as to take advantage

33. Archives de la Confédération des caisses populaires et d'économie, Desjardins Papers, Desjardins to Rev. H. Guy, 7 May 1913.

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of the demand for credit that existed in the community, so too was it necessary to invest in bonds, waiving any ceiling upon the maximum value that could be purchased at any one time and retreating from any insistence upon the local use of caisse funds.

The practice of purchasing bonds went back to the 1910s. In 1916 sixty-nine thousand dollars worth of Lévis municipal bonds were acquired.³⁴ When a further \$134,000 were invested towards the same end during 1917 the directors were still sheepish enough about the exercise — given that it appeared to contradict one of the guiding principles upon which the caisse had been established — to point out to the members, “Il va sans dire que ces nouvelles opérations sont faites sans nuire en quoi que ce soit aux prêts ordinaires aux sociétaires qui restent toujours les préférés.”³⁵ Such remarks began to bother some leaders of the institution, however, as the size of the CPL’s investments in bonds grew in scope and as the practice increasingly took funds away from the community. During the 1925–26 fiscal year, for instance, the caisse invested over \$680,000 through the granting of credit in various forms. Only one hundred thousand dollars was tied up in the granting of credit to caisse members secured by promissory notes, while the bulk of that year’s investments were connected with fourteen bond purchases valued at almost \$450,000. Nearly all of these funds went to religious institutions located across Quebec. Nor was there any significant slacking off of this policy over the next decade. The Great Depression temporarily slowed down the purchase of bonds, but in the late 1930s as in the late 1920s well over 90 per cent of the CPL portfolio was tied up with the bonds of religious institutions, school commissions, and municipalities.

By the 1930s, however, there was evidence that this movement of funds in a direction that the founders of the caisse had not imagined was deeply troubling several members of the commission de surveillance.³⁶ Partly in response to the complaints of such officials, the investment policies of the caisse underwent one further transformation prior to 1945. This was not a return to the granting of small loans due in no more than a few months. Rather, the caisse implemented what some leaders had long been advocating, namely the granting of mortgage loans to its members. Prior to the late 1930s mortgage loans were almost unheard of in the affairs of the CPL, even though there were none of the legal restrictions against the granting of such credit that limited the activities of the chartered banks until well after World War II. Nevertheless, mortgages still accounted for less than 4 per cent of the value of the portfolio of the caisse as late as 1935, a figure that steadily rose to reach 23 per cent by 1946. Mortgage loans had become so important in the affairs of the caisse by the end of the war that in the 1945–46 fiscal year more than half of all investments were in the form of mortgages.

These mortgages, far more so than was the case for loans secured by promissory notes, went to members who were neither professionals nor small businessmen. In 1944–45, for instance, over 60 per cent of the value of loans secured by promissory notes

34. ACPL, general assembly of members, 17 December 1916.

35. Ibid., 16 December 1917.

36. ACPL, minutes of commission de crédit, 23 March 1937.

went to these two groups, while only 40 per cent of the value of the mortgages granted went to the local elite. This significant shift in the credit policies of the *caisse*, which brought the institution a bit closer to the clientele that it was conceived to serve, coincided with the expansion of the membership of the *caisse* during the war years. Just as the membership of the *caisse* evolved so as to become more representative of the population of the community, so too did credit policies change to provide greater services to the poorer elements of Lévis. Moreover, just as the expansion of the membership to the poorer elements could take place only after the leadership of the institution was deterred from continuing its restrictive policy regarding the entry tax, the commitment of the *caisse* to mortgage credit could only take place following complaints against credit policies that emphasized investments in bonds.

In the granting of credit secured by mortgages the poor were able to gain easier access to housing and the wealthier leaders of the institution were able to promote goals that were important to them, namely the maintenance of the social order. As the president of the *caisse* noted to the general assembly in 1944, "La proportion des propriétaires à Lévis est une des plus fortes comparée aux autres villes. C'est là une garantie de *stabilité* à laquelle nous sommes fiers de dire que nous avons contribué par nos prêts."³⁷

In this particular case, there was a convergence of interests between the wealthier and poorer elements within the *caisse* populaire, but given the social composition of the people who founded and, as we shall see in the next section, who largely administered the *caisse* during its first decades in operation, it is not surprising that there were occasional clashes over the proper direction that the *caisse* should pursue. In its first forty-five years in operation the CPL provided nearly five hundred thousand dollars in credit to its members solely on the security of promissory notes, in the process extending credit to people who might not otherwise have been able to secure credit from a financial institution. This success cannot conceal, however, the fact that credit policies generated considerable controversy within the first *caisse* populaire.

iv

The local elite played a central role in the shaping of CPL policy through its prominent place on the various committees that supervised the affairs of the *caisse*. Given the prominent place occupied by this elite within the CPL membership, its motivation to control this institution in a time of social and economic change, and the deferential attitude that one might have expected from the poorer elements within the membership towards those with greater power and education, it should come as little surprise that these wealthier groups played a major role in the administration of the *caisse*. These factors were supplemented by Desjardins' insistence that all of the administrators of the *caisse* were to be unpaid volunteers, a requirement that may have further precluded the participation of the poor and contributed to the dominance of the wealthy within the administration.

37. Ibid., general assembly of members, 20 December 1944. The emphasis is mine.

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At the annual general meeting of the *caisse*, each member in attendance had an equal vote for the members of the three separate boards that looked over its affairs. The most important of the three, at least at the time that the CPL was launched, was the *conseil d'administration*, or board of directors. The men on this board were charged with the day-to-day management of the institution. As the *caisse* grew and a paid manager came to be employed, it was to these directors that he had to report, and such practical matters as the building of ever larger quarters were their responsibility.

More importantly, it was the *conseil d'administration* which had the responsibility of drafting the *caisse's* annual report and of proposing to the membership-at-large fundamental changes in the institution's operations. The financial aspects of the annual report had to be approved by a second administrative body, the relatively powerless *commission de surveillance*, which had the general responsibility for watching over the books of the *caisse*. As for the proposals that were brought to the general meeting regarding changes in policy, there were frequently recommendations pertaining to the maximum size of a loan that could be made at any one time. However, following the approval of such a proposal by the annual assembly, it was a final administrative body, the powerful *commission de crédit* which had the responsibility of deciding whether funds should be advanced to a given member.

In its original conception power within the *caisse* was to reside with the annual assembly which conceded day-to-day management to the *conseil d'administration* and more limited responsibilities to the other two committees. Over time, however, this model was dramatically altered. The first stage in this process was the concession by the general assembly of policy-making power to the *conseil d'administration*. As early as 1903, the assembly gave the board of directors the right to specify the number of shares that could be owned by any one member, and in 1918 it ceded the right to determine the annual dividend to be paid to members upon their shares.³⁸ A second step in the redistribution of power saw the abandonment by the *conseil d'administration* of its control over the use of *caisse* funds, other than loans to members, to the *commission de crédit*. As we have seen, the *caisse* was deeply involved in the purchase of bonds throughout much of the pre-1945 period. Decisions regarding the purchase of these bonds was supposed to reside with the *conseil d'administration*, but in fact they were handled by the *commission de crédit* throughout much of the period under study.

The role of the *commission de crédit* in this regard only became public knowledge in 1932 as the *caisse* was trying to extricate itself from a contract that it had signed in 1925 to purchase two hundred thousand dollars in bonds from a religious order on the outskirts of Quebec City. The *caisse* was quite appropriately concerned about its ability to repay deposits to its members in the midst of the depression and sought to free itself from a contract made at a time when liquidity was less of a concern. The lawyer for the *caisse* found a way out since the decision to purchase the bonds had been made by the *commission de crédit* even though the power to make such a decision legally belonged to the *conseil d'administration*. The lawyer noted that this irregular

38. *Ibid.*, 22 December 1903 and 15 December 1918.

procedure had been going on for a long period of time, with the result that the conseil d'administration was unaware of the manner in which the bulk of caisse funds were being employed. He found that the caisse had to honour its commitment so as to prevent its loss of credibility; at the same time he called for a return to the management practices set out at the foundation of the institution.³⁹

In the aftermath of this affair there were some attempts to return the administration of the CPL to the model that had been laid out by Desjardins. The independence of the commission de crédit to venture into the world of bond purchases came to a close following this incident as it committed itself to deal in the future only in loans to members.⁴⁰ In a similar manner there was evidence by the 1930s of a strengthening of the influence of the general assembly over the conseil d'administration. Up to that decade the members of the caisse passively accepted the presentation by the directors to the annual meeting of a slate of candidates to fill the various elected positions. However, in the midst of growing concern regarding caisse policies during the depression the 1931 general meeting saw the nomination of opposition candidates from the floor. These candidates lost, in spite of the holding of a vote by secret ballot, and the same scenario was repeated at the 1932 assembly.⁴¹ More successful was the 1937 attempt to elect "unofficial" candidates to both the conseil d'administration and the commission de surveillance.⁴² In 1938 an opposition slate brought about the departure from the conseil d'administration of Patrick Doyle, the incumbent president of the caisse. The issue that led to Doyle's downfall was the refusal by the board of directors to consider various proposals from the floor regarding the payment of a rebate upon loans and the issue of the entry tax. In each case the proposal was ruled out of order since it fell within the sole jurisdiction of the board. As a consequence, Doyle was removed as president after eleven years in office.⁴³ Nevertheless, the final say over the issues under debate remained with the directors.

By the 1930s there were increasing demands for the return of the distribution of power to the model that had been conceived at the start of the century. This movement paralleled the changes that were underway in the composition of the membership of the caisse and in the orientation of its credit policies. In both of these cases the trend by the 1930s was towards a greater participation by the poorer elements. Similarly, the efforts to move power back to the general assembly from the conseil d'administration and to the conseil from the commission de crédit were relevant to this growing role for the poorer elements in the community given the social composition of the various governing bodies within the caisse.

Throughout most of the pre-1945 period professionals and small businessmen accounted for between one-quarter and one-third of the total CPL membership, this

39. Ibid., minutes of conseil d'administration, 26 January 1932, letter from Hudon to conseil.

40. Ibid., minutes of commission de crédit, 2 February 1932.

41. Ibid., general assembly of members, 25 January 1931 and 28 January 1932.

42. Ibid., 27 January 1937.

43. Ibid., 19 December 1938.

in spite of the fact that these two groups made up less than 20 per cent of the local population. However, the role of these men on the conseil d'administration was even more conspicuous as 56 per cent of its members prior to the end of World War II belonged to these two elite groups; for the members of the commission de crédit the figure reached nearly 80 per cent. There was a social hierarchy within the CPL with the professionals and small businessmen becoming ever more visible among the more powerful bodies within the institution. It was not that these men were disinterested in providing services to the poor. Indeed the very establishment of the caisse testified to their interest in this regard. At the same time, however, it was logical that their interpretation of caisse policy might be at variance with that conceived by poorer members. In addition to aiding the less privileged, these leaders also worried about larger issues regarding their own place in society, concerns that sometimes seemed to make them slow to respond to the interests of others. It was through the democratic process by which the caisse populaire was managed that the growth in the membership of poorer Lévisiens brought about some challenges to the concentration of power within certain parts of the governing structure.

v

The achievements of the Caisse populaire de Lévis during its first forty-five years in operation were significant, and nothing that has been said in this paper regarding the occasional difficulties in its living up to its lofty ideals should be construed as detracting from those achievements. By the end of the Second World War the CPL had a total membership of over four thousand, making it by far the largest credit union, not only in Quebec but in all of Canada. Nearly half of the people living within the area served by the caisse were members, and a growing percentage of the newest members by the early 1940s were among the poorest people of Lévis. The caisse encouraged these people, who would have been ill inclined to set foot into a branch of a chartered bank, to leave their savings, in the process allowing them to earn interest. Members also benefited through their access to the credit provided by the caisse, credit that would have been either unavailable or more costly if sought elsewhere. In institutional terms the success of the first caisse was reflected in the value of its assets which reached \$3.5 million by 1945. This figure might appear small in the context of an economy increasingly dominated by corporations with hundreds of millions of dollars in assets, but it is striking in the face of the modest manner in which the caisse began its affairs in 1900.

In addition to these quantitative aspects of the CPL's significance, the first caisse also played a central role in the evolution of the entire caisse populaire system whose growth by the end of the war was described at the start of this paper. While Alphonse Desjardins had hoped that each caisse might function independently, he soon became aware of the problem that arose when a caisse had excess funds sitting in its vault, earning no interest and providing no service to the membership. Indeed, he experienced this very problem at Lévis as deposits left with the caisse quickly outstripped the local demand for credit, thus forcing it to turn to the purchase of bonds. Given the central role of Desjardins not only in the establishment of the CPL but also in the establishment of hundreds of caisses across the province, he was in a position to suggest to

managers of other caisses that they deposit their excess funds at Lévis. By 1920 forty caisses had followed Desjardins' suggestion, in the process making the CPL a sort of clearing house for the emerging *caisse populaire* movement: smaller caisses would deposit their excess funds with Desjardins' *caisse* which in turn would invest their funds, usually in the sorts of bonds discussed earlier in this paper. Beginning in the 1920s regional federations were established to help rationalize the movement of funds between caisses, and in 1932 a provincial organization was established largely to supervise the purchase of bonds. In both cases, however, the movement towards a more complex structure owed its origins to the role played by the CPL.

The various successes of the first *caisse populaire* were not achieved without difficulties. There were external problems such as the competition provided by the chartered banks, but also internal difficulties as the *caisse* struggled to find operating procedures that would satisfy the various groups of people that it sought to serve. It would have been surprising if a new institution such as this had not experienced some growing pains during its first decades in existence, but most previous accounts of the social and economic role of the *caisses populaires* have tended to chronicle only the successes. This paper has tried to provide a fuller, more balanced picture by showing the evolution in the operations of the *caisse* between 1900 and 1945. In the process it assessed the attraction of the *caisse* to the ordinary people of Lévis and showed the leadership role, particularly in the area of credit policy, occupied by the local elite. This elite was no doubt well intentioned in terms of its desire to see the betterment of the lower classes. It came to establish and then to play a central role in the affairs of the *caisse*, however, from its own insecurities about a changing social and economic environment.

The effort here has been to try to insert the history of the first *caisse* into the social and economic circumstances of the time so as to allow the institution to serve as a mirror of a society in the midst of profound change. In precisely such a manner André Gueslin has written about the history of the credit unions of Europe, concentrating upon the situation in France. In terms of each nation, Gueslin described the social and economic circumstances that impelled the *petite bourgeoisie* to take a central leadership role. For instance, in terms of the German system of credit unions begun by Friedrich Wilhelm Raiffeisen in the mid-nineteenth century, Gueslin stressed "l'emprise des notables. . . Il est incontestable que certains «notables» ont vu dans les nouvelles caisses un moyen de consolider leur autorité sociale à une époque où elle était battue en brèche."⁴⁴ In a similar fashion, Gueslin saw the roots of support for the establishment of credit unions in France as stemming from the concerns of "une bourgeoisie rurale, moyenne ou petite."⁴⁵ These merchants and professional people sought a system of credit that might prop up the farms of small landholders who formed a significant part of their clientele. To Gueslin, the 1894 law which gave the state a central role in the French credit union movement was designed "d'accroître la dépendance des petits exploitants par rapport aux notables."⁴⁶

44. Gueslin, 56.

45. Ibid., 223.

46. Ibid., 159.

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Desjardins and his colleagues acted out of motives similar to those of the leaders of the European credit union movement described by Gueslin. Like members of the *petite bourgeoisie* on both sides of the Atlantic, the professionals and small businessmen of Lévis were seeking a new role for themselves in twentieth-century society, a role that potentially offered considerable advantages for the poorer elements in the population. The literature dealing with the history of Quebec's *caisse populaire* movement has only rarely considered the larger social and economic context in which these institutions emerged and developed. However, by taking such factors into account these institutions can provide a clearer understanding of the profound changes that Quebec was undergoing during the first half of this century.