

Moral and Social Responsibilities of Credit Union Directors

The moral and social responsibilities of the directors can best be considered under the following headings: Self-improvement of members; and the improvement of society.

1. Self-Improvement

Most credit union laws prevent directors, supervisory committee or credit committee member from borrowing in excess of their shareholdings from the credit union in which they are officials. (Special credit unions exist to provide for the loan needs of these persons.) In this respect the general membership receives a benefit which the directors and committee members do not receive. However, the directors and committee members enjoys one very definite benefit which the general membership does not enjoy. The directors and committee members have both the opportunity and the responsibility to operate their credit union successfully. This fact provides them with an opportunity for self-improvement and personal development.

A paradox of the modern age is that as society becomes more complex our social, political, and economic problems become more complicated and the members of society become less able to solve complicated problems become more complicated and the members of society become less able to solve complicated problems. In a less complex society a shoemakers makes the entire shoe, a wagon maker constructs the entire wagon, the tailor makes the entire garment, and other human needs are provides for in a similar manner. The necessity of performing the entire operation requires the person involved to *think through* the process from beginning to end. He thereby develops the power to *think, analyze* and *plan*. This power to *think, analyze* and *plan* can also be used to help him solve social, political and economic problems in general.

However, in modern industry large numbers of persons perform a *few* or *single* operations which present little or no need to *think, analyze, or plan*. Many other occupations are similar in nature. This means that most people have jobs which do not develop their capacity to cope with their social, political, and economic problems in the most effective manner. This condition demands that people have an opportunity to engage in “*extra-curricular*” activities which will develop their powers to *think, analyze, and plan*. The directors and committee members of credit unions have such an opportunity and they have a social and moral responsibility to make the most of it.

2. Improvement of the Members

The directors have a moral and social responsibility to improve both the circumstances and the character of the members. In many instances both of these objectives are accomplished at the same time. By learning to invest in his shares regularly and systematically, a member improves his circumstances. And his character is strengthened because he develops the habit of thrift. By learning to use wisely he gains both a higher standard of living and the knowledge of how to improve it further. By granting a loan to a so-called “sub-standard risk”, this person’s unfortunate circumstances are improved and through investing in and borrowing from his credit union he can learn how to reduce the possibility of such bitter circumstances overcoming him again.

The directors also have a moral and social responsibility to increase the security of each member and his family by providing loan protection and life savings insurance. And by granting loans based on faith in the honesty of the borrower, on terms he can afford, and requiring payments to be made as agreed, the credit union is strengthening the character of the borrower.

In each matter of credit union policy and practice the directors are responsible for placing the emphasis on service to the members without feeling any undue regard about the amount of dividend which can be paid.

The directors have an extremely important additional moral and social responsibility to the members. The directors have an obligation to develop in the members the ability to effectively practice the principles of self-help, mutual-aid, and democratic ownership and control.

3. Improvement of Society

Each member of society enjoys the benefits and improvements which have been developed by previous generations, and he also enjoys the benefits which are maintained and achieved through the cooperation of the members of his own generation. Therefore, he has a definite social and moral obligation to make as grant a contribution possible to the general improvement of society. And since the directors are in a sense the “agents” of the members, the directors are obligated to operate the credit union in a manner that will help to fulfill the responsibility to society of the credit union membership.

At this point we are once again reminded of the credit union maxim: “He who enjoys credit union benefits shall strive constantly to share them with others”. The directors of a credit have an opportunity to do so in many ways. Their foremost opportunity to do so is through membership encourage other eligible groups to form credit unions. The league helps such groups to obtain a charter and then teaches the treasurer, directors and committee members how to operate their credit union properly and successfully. The league provides this assistance as a public service with no cost or obligation to the group being helped. Of course, with little or no exception all newly organized credit unions become league members for their own benefit and to help additional groups to form credit unions.

However, the directors should not limit themselves to the mere payment of league membership fees. They should also participate directly in the organization of additional credit unions, and they should provide their “off-spring” with the care and guidance to which that which a man creates is entitled. Some credit union leaders are sufficiently imbued with the spirit of brotherhood and community well-being that they have been known to develop qualifies credit union personnel in their own office and then encourage these persons to accept employment with other credit unions that have a pronounced need for experienced employees.

The directors should not only be careful to teach their own members the dynamic powers of the principles of self-help, mutual-aid, and the democratic ownership and control; but they should also strive to awaken in the general public an awareness that credit unions are demonstrating the effectiveness of these principles in a concrete and dramatic manner. Many learned social philosophers maintain that a large number of our citizens fail to vote and are indifferent to the importance of our political democracy because they have a feeling of futility. This feeling springs from their belief that they are not qualifies to participate competently in making democratic decisions – so they do not participate at all.

Although we must grant that the ability of many persons to participate competently in democratic procedure is somewhat limited – nevertheless we must recognize that unless these persons are presented with constantly recurring opportunities to participate in democratic procedure they will never develop the ability to do so with a growing measure of competence. Therefore, the directors of a credit union have an important moral and social responsibility to encourage the members to participate fully and actively in their annual meetings; to regularly send delegates to chapter meetings and league meetings; to participate in the election of league directors, and to attend the CUNA Mutual Insurance Society area meeting. The directors also have responsibility to clearly demonstrate that the fact applying the principles of self-help, mutual-aid, and democratic ownership and control is the most effective way of enabling people to secure their own social, political and economic well-being.