"Thrift Is the Social Movement for the Great Recovery"

— GERARD CUDDY

ABOUT THE AUTHOR

Gerard Cuddy is president and CEO of Beneficial Bank, the oldest and largest bank headquartered in Philadelphia.

Economics columnist Daniel Gross recently argued in a *New York Times* op-ed that the Great Recovery awaits the return of the "greatest economic force known to mankind—the American consumer." Gross called for Americans to return to consumer credit—to buy Viking stoves, jewelry, and Priuses. As he put it, the "renewed willingness and confidence to spend money we don't have is vital to the continuing recovery."

I beg to differ. After the consumer binge that led to the Great Recession, American families are trying to put their financial houses in order. Unlike the big banks, they can't depend on government bailouts. Instead, they are recovering by paying down their debt, cutting back on spending, and saving more.

The Great Recession may be officially over, but the pressure in millions of household budgets is still quite real. Those Americans will not be rushing out to spend money they don't have on $5,000 Viking stoves. Indeed, the old consumerism may have finally run its course. In this century, a new thrift ethic emphasizing sustainability and long-term growth could take its place. Excess and short-term gratification are out of fashion—maybe for good.

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Signs of this new thrift ethic dot Philadelphia's streets like robins in springtime. Walking down Walnut, one passes the Consumer Credit Counseling Services of Delaware Valley. On the walls inside hang crayon drawings on construction paper featuring savings themes from the imaginations of local schoolchildren. In Kensington, gardens grow where old mattresses and retro floral couches once moldered. On Frankford, migrating artists—the kind who frequent thrift shops and tie their scarves into masterful knots—open galleries in abandoned storefronts. Where men in fluorescent vests and hardhats dig and drill and build new buildings, signs tout green credentials and rooftop gardens.

If these signs do indeed usher in a replacement for rampant consumerism, it would not be the first time Americans have embraced thrift. As David Blankenhorn highlights in *Thrift: A Cyclopedia,* in the early 20th century, progressive reformers launched a social movement for thrift, which they understood broadly as the wise use of resources. With a coalition of hundreds of organizations—including the YMCA, the American Library Association, the Chamber of Commerce, the Boy

Scouts of America, the National Education Association—they spread the message and encouraged a host of thrift activities ranging from saving money, to gardening, to reusing household goods. They saw connections between saving, giving, cooperating, conserving, and thriving—all under the banner of thrift. This thrift ethic inspired social reformers and philanthropists to start savings banks, credit unions, building and loan associations, public libraries, gardens, national parks, and thrift shops. Each year for decades, these organizations partnered with others to put on National Thrift Week celebrations in thousands of communities.

Much of what these reformers stood for is as vital and valuable today as it was a century ago. This year Beneficial Bank is proud to co-sponsor Thrift Week in the adopted hometown of Benjamin Franklin, the American Apostle of Thrift, from January 17–23. In honor of this celebration, here are seven ideas for a "new thrift"—ideas that are already taking root in Philadelphia.

Saving: The Way to Wealth

If there's one thing people think of when they hear the word "thrift," it's saving. What we often fail to appreciate, however, is how important saving is for creating an equitable society. In the early 19th century, when most banks were only interested in wealthy investors, savings banks started as philanthropic endeavors to allow those of modest means to save and enter the middle class.

Beneficial Bank was founded in Philadelphia in 1853 by St. John Neumann, a Catholic bishop concerned about the lack of safe places for working class immigrants to deposit their savings. Today, in step with its heritage, Beneficial's mission is to educate people about financial responsibility. Newly married couples can take free money management courses. Children can open Student Saver Accounts with a preferred rate to reward and encourage them to save. And anyone can attend free educational workshops on saving, budgeting, and financial planning.

Opportunities like these, available to all, are exactly what earlier thrift leaders envisioned.

Giving: Scrooge, the "Anti-thrift"

The Rev. Dr. David King said, "A man who saves from principle is likely to be the man who gives from principle." Indeed, contrary to the popular misconception, generosity is core to the thrift ethic. Take S.W.

Straus, an early 20th-century banker and realty financier of the Chrysler Building in New York City. So zealous was he about thrift that, in 1913, he founded the American Society for Thrift and in 1920, wrote *History of the Thrift Movement in America*. Under his leadership, the Society partnered with the National Education Association and the National Council on Education to produce a thrift curriculum for public schools and to host thrift essay contests (funded by Straus). By 1917, 150,000 school children had entered the essay contest and by 1926, the *New York Times* could report that "more than 8,000,000 pupils are now studying thrift."

Today, the John Templeton Foundation continues in what Straus called "the greater thrift." In *Thrift and Generosity: The Joy of Giving*, President Dr. John Templeton suggests that thrift is not just about the bottom line, but about living a contented life through generosity towards others. In addition to funding millions of dollars of research, he, like Straus, funds thrift essay contests. This year, he is funding an essay contest for Philadelphia-area Boy Scouts on the question, "Why Should I Be Thrifty?" The first-place winner receives $1,000: $500 to the Scout and $500 to a charity the Scout chooses. [The John Templeton Foundation generously funds much of the Institute for American Values' thrift work.]

People like Straus and Templeton prove that thrift is not inimical to generosity—it liberates one to practice generosity.

Cooperating: Thrift Goes Democratic

If thrifty people are generous, they also tend to work together in cooperatives—whether in farmers' seed co-ops, local CSA's in which low-income people can use food stamps to get fresh produce, or community development credit unions. Cooperatives are efficient, but they are thrifty for another reason. Thrift builds on itself and expands outward. Thrifty people want others to thrive too and seek to go public and democratic with their resources—to invite everyone to participate.

Take the People for People (PFP) Credit Union in North Central Philadelphia. Nearby, an abandoned hotel rises stories above the ground, darkness peering through its broken windows and gaping boards. Row houses with chipped paint crumble, and weeds and litter choke yards. Eighty percent of residents are unbanked. Predatory lenders abound, their red and yellow signs advertising quick money. (What their colorful signs do not advertise are annual interest rates of up to 400 percent and large fees for cashing checks.)

But on 800 N. Broad Street in an old bank with stately stone pillars, the manager of PFP answers the questions of a woman in sweatpants who just happened to wander in. When he tells her about their services (higher savings rates, fewer service fees, a "Better Choice" payday loan for member emergencies, and financial literacy and homeownership counseling), the woman exclaims, "I need all of that!"

The credit union philosophy is one member, one vote—whether the member has a $5 or $50,000 account. The latest members to open up savings accounts at PFP are the men at the homeless shelter across the street. No wonder Boston merchant and philanthropist Edward Filene heralded credit unions as "a movement toward economic democracy."

Public Libraries: Book Temples for All

Libraries are cooperatives that promote democracy of knowledge. Blankenhorn notes that "The old-fashioned aristocrat or the gentleman might want to build himself a fine private library. The progressive thrift visionary, on the other hand, wants to use his resources to build a huge book temple in the middle of town and invite everyone to join." As Andrew Carnegie, who established more than 1,000 libraries across the United States, said at the opening of a public library in England, "I like a free library because it is free. It is the grand symbol of true genuine democracy.... It is great for what it does in enabling the poor citizens of Liverpool in passing through her streets to look up and say—'Yes, I am a landlord there.'"

In fact, sometimes it seems that the down and out "own" the library more than most. Joe is the perfect example. He clunks by in his tan worker boots and smiles brightly, having just finished his morning ritual—a visit to the Free Public Library of Philadelphia. Right now he's homeless, but he spends time in the library's reading rooms—with their high ceilings and ornate detail as grand as any gentleman's private collection—"to get warm, to read, and to do something right." He also takes advantage of the library's career services: one-on-one counseling, internet access for job searches, workshops, and job fairs.

Going Green: Thrift in Action

One thrift movement very popular today is the movement for sustainability. Corporations advertise their products as green

—whether cotton, organic blueberries, or Tropicana orange juice (with its "rescue the rainforest" rewards)—because it catches the eye of the modern eco-conscious consumer. Similarly, thrift was the trendy way to advertise in the first half of the 20th century. Advertisements for laundry soap, home canning jars, and other household goods appealed to thrift-conscious housewives.

But there's a stronger connection between thrift and sustainability. Historically, the thrift movement was linked to the conservation movement. Writings like *Thrift and Conservation* (1919) deplored Americans' "extravagance, luxury, and wastefulness" (imagine men atop fallen Sequoias, or millions of buffalo slaughtered for sport) while urging Americans to guard nature "faithfully and to pass it on as little impaired by our use of it as possible." As an old thrift saying goes, "We will be a thrifty nation, when we all learn conservation."

Philadelphia is trailblazing for a more "thrifty nation." In 2009, Mayor Michael Nutter launched Greenworks Philadelphia, a plan to become the greenest city in America by 2015. Its fifteen targets range from improving air quality to bringing local food within ten minutes of 75 percent of residents. Big belly solar powered trash compactors line Philadelphia streets, and residents can enroll in Recycling Rewards, which awards points based on the weight of neighborhood recycling and trash reduction. This initiative saves the city money and has tripled recycling in the last two years. Residents can also get involved in Greenworks' Unlitter Us campaign, raking leaves "to fertilize gardens and nourish trees," and working to turn their neighborhoods into "litter free zones."

Gardens: "Making Two Blades of Grass Grow Where Only One Had Grown Before"

Gardens incarnate thrift in the earthy form of eggplants and squashes, melons and tomatoes. Thrift leaders of the early 20th century, recognizing gardens' potential to teach the young to work hard and enjoy the results, formed the School Garden Association of America. Today, gardening is making a comeback—especially in urban areas.

Students at Philadelphia's Martin Luther King High School learn responsibility and thrift by gardening and selling their produce at a farmer's stand in an area with little access to fresh food. At a garden at the Cardinal Bevilacqua Center in Kensington, students use the greenhouse as a laboratory and learn to cook healthy

meals through a partnership with Greensgrow, an urban farm that grows "food, flowers, and neighborhoods." Even on a cloudy winter day, dewy heads of lettuce grow in the warmth of the greenhouse, and reddish brown hens peck alongside a strutting rooster.

Thrift Shops: Retail for Community

Whether it's a "Share Shoppe" helping the needy in rural Iowa, or a thrift shop in Soho stocked with designer goods and vintage gowns, a thrift shop is a thrift exemplar. And they're nonprofit charities that give back to the community and serve people in need. For instance, the CIRCLE THRIFT stores in Philadelphia use their proceeds to fund local projects: a playground, a kid's club, a cultural center for youth, an urban farm, a community garden, a settlement house for the elderly, a holiday drive for the New Kensington Community Development Corporation.

CIRCLE THRIFT also provides transitional employment through a program called Pathways—bringing workers from prison to learn job skills. One court-ordered volunteer is now "the backbone" of the store. When she first arrived she sorted clothes in the backroom. Now, the manager claims that she doesn't know where the store would be without her—"She completely changed the face of the store."

Americans Await a New Thrift

There's an almost palpable longing for solidarity—seen in the thrift store clothing transformed into fashion statement by young hipsters, in the morning cup of coffee from a fair trade farmer in Rwanda, and in the hand-knit scarves sold by starving artists and idealistic graduate students on etsy.com (which has its own blog on "craftivism," featuring ways that people are crafting for charitable ends). Americans want to use their resources wisely, to be generous, and to create closer communities and a more sustainable planet. In short, they want to be thrifty.

Thrift is both quintessentially American and surprisingly current—perhaps even *avant garde*. As we climb out of the Great Recession, I can't think of a better American value to rally around. □

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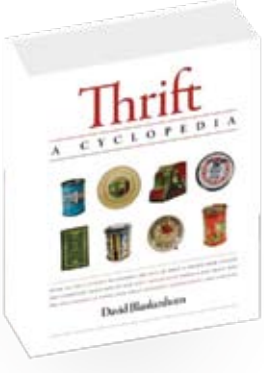
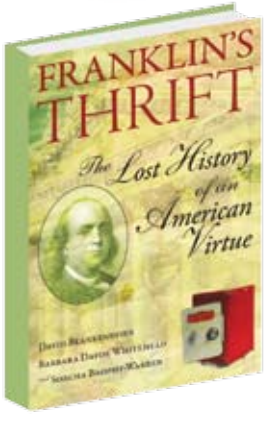


BOOKS *from the* INSTITUTE

Thrift: A Cyclopedia

By David Blankenhorn (Templeton Press 2008) **$19.95**

This book is an extended reflection, and a preliminary bringing together of knowledge, on the English word "thrift."



Franklin's Thrift: The Lost History of an American Virtue

By David Blankenhorn, Barbara Dafoe Whitehead, and Sorcha Brophy-Warren (Templeton Press 2009) **$24.95**

Americans today often think of thrift as a negative value—a miserly hoarding of resources and a denial of pleasure. Franklin's Thrift *challenges this state of mind by recovering the rich history of thrift as a quintessentially American virtue.*