

THE COLOSSAL GROWTH OF THE SAVINGS-BANK

STARTING IN THE SMALLEST WAY IN SCOTLAND A CENTURY AGO THE IDEA HAS CIRCLED THE GLOBE

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A LITTLE over a century ago a parson named Henry Duncan presided over the Scotch parish of Ruthwell. He had been trained for trade and had literally stepped from the counting-room into the pulpit. About him was waged a grim and uncompromising struggle for bare existence. The poor-laws and the inability of the people to put by any surplus kept the community impoverished.

"We must teach these people to save," he one day said to his friend, Dr. Chalmers, an eminent Scot.

But how to do this was the problem. There was no organized agency for encouraging thrift; no machinery for conserving money that reached the mass of the population. The modest savings that sacrifice dragged from daily needs were always accessible and went at the first pinch of need or at the first impulse. Duncan felt that if one confined himself to the relief of poverty he did little but encourage it. The task, therefore, was to dry up its springs.

He realized that the first step toward systematic saving was to provide a secure and somewhat inaccessible place for the deposit of savings. In this inspiration lay the whole crux of the savings-bank movement.

"Why not get some receptacle and make these people put their surplus in it?" he asked. "Then they will not be in such a hurry to take it out."

Here at least was a plan to place the money out of immediate reach of temptation.

So the parson installed an iron box in

his cottage and went forth to preach the gospel of saving and, what was equally important, the safeguarding of what was saved. Strange as it may seem, the idea was at first rejected in a canny Scotch district. The shrewd parishioners did not question the efficacy of the savings proposition, but they had doubts about the security of the impromptu bank.

To overcome this, Duncan had three locks made for the box. He distributed the keys among three men. Thus the coffer could not be opened save in the presence of the trio.

That iron box, set up in an obscure Scotch cottage, was the first real savings-bank, the crude corner-stone of a movement that has become a vast agency for progress. From it has grown a world-wide bulwark of the people's money.

Dr. Duncan was not the first to agitate the systematic savings plan, although he was probably the pioneer in establishing a rude sort of bank. The Germans, always prudent, had tried to put the same idea into effect toward the end of the eighteenth century by setting up an institution in Hamburg for the encouragement of thrift among seamen, servants, and day laborers. In France, old-time sanctuary of economy, had been advocated a similar plan.

Some of Duncan's English contemporaries almost stole a march on him by starting so-called "frugality banks," which were humble forerunners of cooperative institutions. It is interesting to note that in most of the early Anglo-Saxon savings projects the church had large influence. Later the state supplanted this domina-

tion. To England's credit let it be said that she first gave the savings-bank statutory recognition and regulation.

Whatever its exact origin, the fact remains that the savings-bank idea, once started, developed rapidly. To-day the sun never sets on its activity, for in every part of the world there is some definite organized medium for promoting thrift and conserving its fruit. The story of the savings-bank is one of the really inspiring chapters in human progress.

The average person does not often realize the actual enormous extent of this structure reared on the nickels, the pennies, the centimes, or the pfennigs of the people. There is no pomp or glamour of spectacular *coup* about it; none of the thrill of financial empire-making. Yet these citadels of saving are among the impregnable buttresses of world-money.

The growth of the savings-bank in the United States has been marvelous. But before we go into the big and striking facts let us first see, briefly, just what the structure of the institution is.

VARIATIONS IN THE MACHINERY

The savings-bank began in this country as a sort of philanthropic trust, founded with no idea of profit for stockholders (for there were none), but managed by trustees, whose sole purpose was to encourage the habit of saving and to provide a special security for the deposits. This is the mutual bank.

Hence it came about that the state took a hand in the regulation of the savings-bank and framed laws providing for a special supervision of its business and a definite restriction on its investments. Most of the mutual banks are in the New England and Eastern States, where the idea first took root in the United States.

Then there is the stock savings-bank, which is like any other commercial bank in that it has stockholders and conducts business with the idea of also making dividends for them. The majority of these banks are in the Western and Southern States.

The savings-bank laws vary. In some States, notably in those commonwealths where the movement began in this country, they are most drastic. The most rigid are in Massachusetts and in New York, where the legal investments for the institutions provide an admirable guide for the small

investor who wants to be extremely conservative. In New York, for example, the savings-banks are limited to only three kinds of investment in the employment of their funds—government bonds and the bonds of cities, towns, counties, and States, real-estate mortgages, and railroad bonds of the very highest type. Some States have no savings-bank laws at all.

THE MILITANT MARCH OF THRIFT

Now let us see what the nickels and the dimes of the steady savers have done in the United States. It is the record of the militant march of thrift registered in terms of billions. The bald statistics stand out with impressive force.

In 1820 we had ten savings-banks, with 8,635 depositors, whose savings aggregated \$1,138,000. There was an average deposit of \$131.86.

To-day we have 1,978 savings-banks, including both mutual and stock banks, with 10,766,936 depositors, whose savings pile up the tremendous total of \$4,727,403,950. The average deposit is \$439.07. If this money were distributed among all the people of the country it would mean \$48.56 for each of the 95,656,000 men, women, and children in the United States.

Take these figures and make some comparisons and you begin to have a bigger respect for the savings-bank idea and for the legions behind it. The more than ten million depositors form a host greater than the entire fighting strength of the armies of Germany, France, Austria-Hungary, and Italy. They would populate the city of New York twice over; they represent a multitude equal to the combined population of Alabama, California, Indiana, and Massachusetts, and that is more people than resided in the whole United States in 1820, the first year of definite organization of the savings-bank movement in this country.

Their hoard of more than four and a half billion dollars is four times the bonded debt of the United States; it is equal to one-fourth of all the deposits of the national and State banks; it is nearly twice the total traffic revenue of all the American railroads. At every turn you find some amazing evidence of the magnitude and power of the savings-banks.

What might be called the geography of the savings-bank presents some striking features. For example, the mutual banks

are considerably outnumbered by the stock savings-banks—the figures, respectively, are 623 and 1,355—yet they have about eighty per cent of the depositors and contain three-fourths of all the deposits.

New York State alone has over three million depositors, more people than reside in Indiana, and their deposits have passed the billion-and-a-half mark. Massachusetts, that very pillar of our thrift, does still better, in proportion to its population. It has more than two million savings-bank depositors, with eight hundred and twenty-four millions of deposits.

Since the bulk of our savings is in the East, it follows that the largest banks are there. The great New York savings-banks are veritable Gibaltars of steel and granite. In deposits they rival their commercial contemporaries. The biggest of all of them has more than \$128,000,000 on its pass-books. Another long ago passed the hundred million mark, and several are well on the way to this tremendous goal.

These banks touch all classes. I know of one that, by reason of its cosmopolitan clientele, is compelled to print its instructions and its books in six different languages. There was a time when the American savings-banks of the most conservative type (the old-line mutual kind) did not even advertise. Now they not only solicit patronage, but do a banking business by mail.

HOSTS OF EUROPEAN SAVERS

This estimate of our savings-banks must include a hasty survey of their neighbors abroad. Germany leads the world with her host of savers, for there are 22,349,000 depositors enrolled on the books of her public and corporate savings-banks. This means that one out of every three persons that you meet in the German empire has a savings-bank account. Yet the total deposits of these depositors is half a billion dollars less than ours, being only \$4,241,560,762. The average deposit per inhabitant is \$65.83 and per depositor, \$189.78.

The United Kingdom has 1,870,510 depositors, with total deposits of \$261,875,606 and an average deposit of only \$5.73.

In France you find an interesting situation. Here is a country with a population less than half of ours, and yet she has three million more depositors than we have. One striking fact about the French saver is that out of the total of about

thirteen and a half million savings accounts in the republic more than four millions, or nearly one-third, are for twenty francs or less. The French are born investors. As soon as they get enough money in a savings-bank to buy a government bond or a first-class real-estate mortgage (both of these investments may be had in very small denominations) they put their money into one and thus increase their income.

The net result of any comparison between our savings-banks and those of foreign countries shows that while we show a minority in numbers, as compared with some countries, the average individual deposit over here is four times greater than that of any other land.

There are many big employers who hire those applicants who can produce a savings-bank pass-book. That the savings-bank idea is penetrating the consciousness of our people is shown by the encouraging fact that despite the terrific tax made on their resources by the advanced cost of living, the army of savers in the banks has increased by 756,632—a 7.5 per cent gain—during the last twelve months.

THE POST-OFFICE ADJUNCT

As in most foreign lands where saving is a tradition, various first aids to the savings-banks have cropped up in the United States. Foremost among them is the introduction of the postal-savings system. The regular savings-bank officials warmly encouraged and commended this plan from the start. Instead of regarding it as a competitor they wisely saw that it was merely a feeder to them.

First of all it is helping to keep within our own confines the money saved by foreigners which went back to their own countries because there they could get the government stamp on their savings.

Here are some significant figures from the report of the New York postmaster to June 30, 1913: Of the 30,138 depositors on that date thirty-six per cent were native whites, while 61.7 per cent were foreign-born whites.

Second, it helps to encourage the thrift idea.

Third, the bankers realized that the average man or woman will not be content with the two per cent paid by the government on postal savings when he or she can get three or four per cent from a savings-

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bank. Many postal savers are transferring their accounts to the banks as soon as they have a little "nest-egg."

The growth of the postal-savings banks has been little short of marvelous. Established in January, 1911, with forty-eight depositories, these banks have shown steady gains every month since that time. From \$60,101 at the end of the first month the deposits have risen to \$33,818,870, the June, 1913, figures, which have just been tabulated. For thirteen months out of the thirty that the banks had been in operation up to that time, the deposits increased at the rate of a million dollars or more a month. For each of three months the increase in amounts locked up in this way was more than two million dollars.

The latest figures give the number of depositors as 330,703, an increase of 28,546 in half a year, and put the average deposit at \$102, an increase of \$10 over the average deposit six months before, which itself had been increased by \$10 over the preceding half-year. In June, 1911, six months after the banks were opened, the average deposit was \$56.82. Already, in two years, it has almost doubled.

From the original forty-eight the number of depositories has grown to 12,820, including 662 branches.

Every indication points to sustained growth for the postal-savings banks. It will be long, however, before they reach the status of those long established in Europe. In France, which has 5,542,000 depositors, the deposits amount to \$316,456,000, but the average deposit is only \$89.36. In Austria, which has 2,238,000 depositors, with deposits of \$118,461,000, the average deposit is \$52.93. In the Netherlands, with 1,510,000 depositors and \$64,436,000 deposits, the average deposit is \$42.67.

Such an admirable innovation as savings-bank insurance, which enables the wage-earner to get all the benefits of protection for his family in case of his death during the life of his savings account, is just another type of the inducements now held out to the average American to join the host of the thrifty.

The lesson of thrift that the growth of the savings-bank deposits teaches is the real stimulus to personal betterment. Nothing so advances a people in permanent prosperity as the solid accumulations of savings. They form the huge and unshakable reservoirs of capital which are immune against the inroads of panic and the shifting hazards of trade.

The wise man saves.

THE SUNKEN SPANIARD

THE fight was over, the battle done
Before the setting of the sun,
And many a ship, as I well know,
Made her bed on the sands below.
And some that saw the stars at night
Had made their bed before the light.

The barnacles creep their ribs between,
And their sides are mossed with the seaweed green,
And the jewels drop from the rusted swords
In the skeleton hands of the sleeping lords.

The deep-sea fishes have nested in
The silken banner of Catherine.
The leaden feet of the centuries
Make spoil of the colored broideries.

Out of the deep came splendor and moan,
And the sea hath taken again her own.
Sorrow and splendor came from the sea
With the pearls sewn into the broiderie.
And the wave that washes the seaward whin,
Rolls over the lost Saint Catherine.

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