

CONFÉRENCE GÉNÉRALE DES CAISSES D'ÉPARGNE DE FRANCE
CAISSE NATIONALE D'ÉPARGNE DE FRANCE
INTERNATIONAL THRIFT INSTITUTE

THIRD INTERNATIONAL
THRIFT CONGRESS

PARIS, 20th - 25th MAY, 1935

INTERNATIONAL THRIFT INSTITUTE
MILAN, 1937

THE INTERNATIONAL THRIFT MEDAL

To mark its tenth anniversary the International Thrift Institute adopted a tangible token of recognition, in the shape of a gold medal, for presentation to members of the Permanent Committee who over the greatest number of years had given the most active collaboration and to persons who had displayed special merit in the field of international thrift.

The obverse of the medal bears the emblem of the Institute, a pomegranate tree carrying in its branches a shield on which the letters I.I.R. are engraved. The two first letters stand for the two words which, in almost all the languages more frequently used at our meetings, spell International Institute. The third letter R is to be found in all these languages in a word indicating Thrift. On the reverse of the medal is engraved the dedication: "To N. N....., for long and valuable collaboration, The International Thrift Institute".



International
Thrift Medal

In order that the medal should preserve its full significance, the International Thrift Institute considered it fitting not to distribute more than one to each country or group of countries. Two medals were, however, assigned to each of the two countries where the Second and Third International Thrift Congresses were held, as it was felt that the Permanent Committee delegates of these countries had been put to a special proof of devotion.

The first presentation of medals was made during the course of one of the sessions of the Third International Thrift Congress to the following prominent men, to whom the International Thrift Institute once more conveys its keen recognition and congratulations in the name of Member Savings Banks:

LEBERT, ANDRÉ (France), Sénateur, Président de la Commission Supérieure des Caisses d'Épargne de France, Président de la Caisse d'Épargne du Mans et de la Conférence des Caisses d'Épargne de l'Ouest et du Sud-Ouest, Vice-Président de l'Institut International de l'Épargne.

JOIN LAMBERT, ANDRÉ (France), Député, Président de la Con-

férence Générale des Caisses d'Épargne de France, Président du Conseil des Directeurs de la Caisse d'Épargne de Paris.

PORTAL, SPENCER J., Sir (Great Britain), J. P., Chairman of the London Savings Bank, Chairman of the Trustee Savings Banks Association, Vice-President of the International Thrift Institute.

HENDERSON, THOMAS (Great Britain), J. P., F.S.A., F.R.S. E. Scot. Actuary of the Glasgow Savings Bank, President Scottish Area Committee of the Trustee Savings Banks Association.

KLEINER, ERNST (Germany), Dr. Jur. Geh.-Regierungsrat, Früherer Vorsitzender des Vorstandes des Deutschen Sparkassen-und Giroverbandes.

POSPISIL, VILÉM (Czechoslovakia), Ministre Plénipotentiaire, ancien Directeur Général de la Caisse d'Épargne Municipale de Prague, ancien Président de la Fédération des Caisses d'Épargne tchécoslovaques.

MIGOYA Y TORRE, ELISEO (Spain), Presidente de la Confederación Española de Cajas de Ahorros Benéficas, Director de la Caja de Ahorros y Monte de Piedad Municipal de Bilbao.

GRUBER, HENRI (Poland), Docteur-en Droit, Président de la Caisse d'Épargne Postale de Pologne, Président du Conseil du Comité Central de l'Épargne de la République Polonaise.

DEROOVER, ÉMILE (Belgium), Directeur Général Honoraire de la Caisse Générale d'Épargne et de Retraite de Belgique.

THAUSING, FRIEDRICH (Austria), Dr. Generalsekretär-Stellvertreter der Ersten Oesterreichischen Sparkasse.

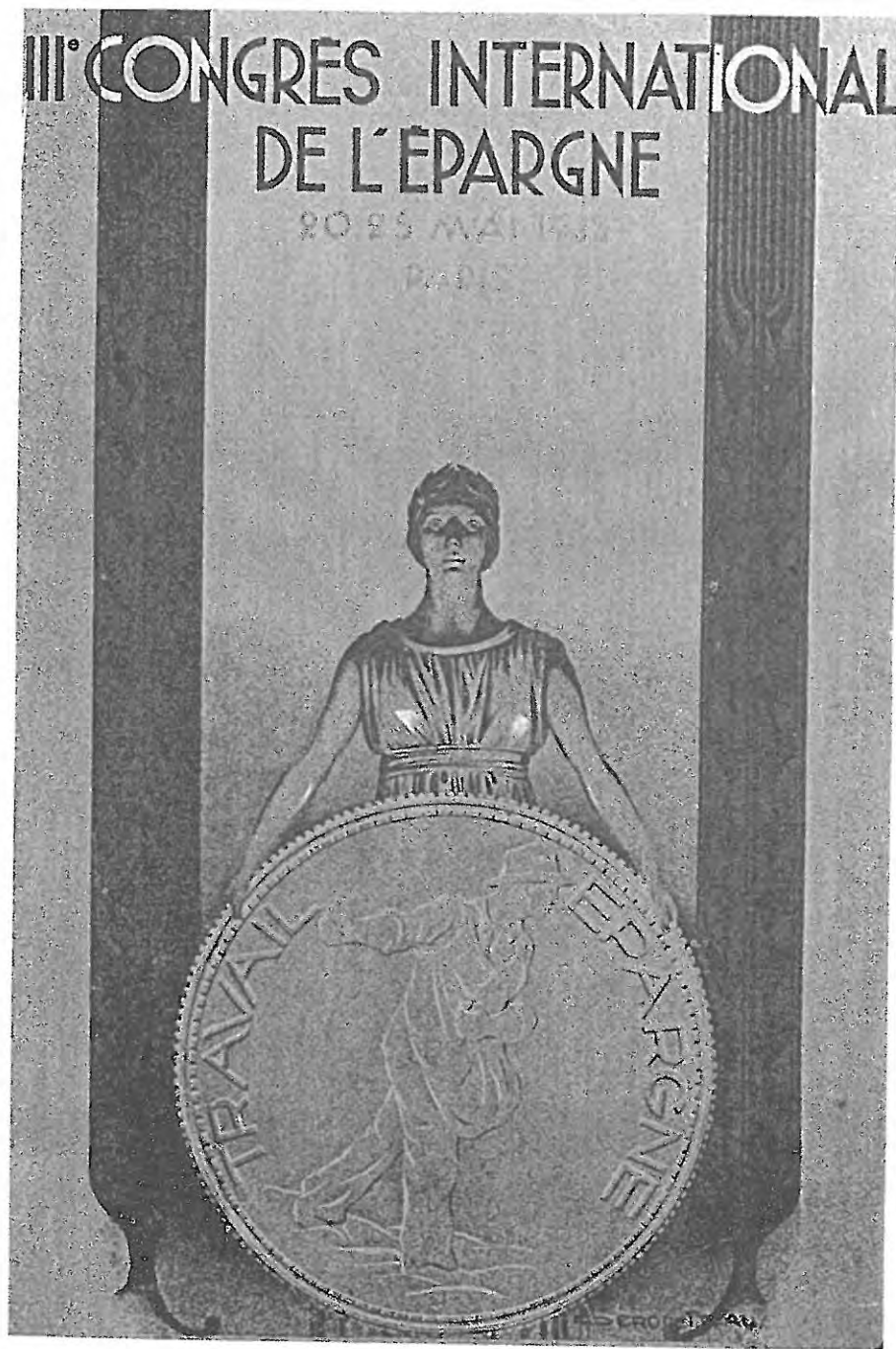
BOSCH, HENDRIK, WILLEM (Holland), Directeur de la Caisse d'Épargne de La Haye.

KERSCHEN, NICOLAS (Luxemburg), Dr. en Droit, Président du Conseil d'Administration et Directeur de la Caisse d'Épargne et du Crédit Foncier du Luxembourg.

JÖNSSON, J. H. (Sweden), Managing Director of the Upsala Sparbank, Member of the Committee of the Svenska Sparbanksföreningen.

On the other hand, at the Sitting held in Paris on the 24th May the International Thrift Institute's Permanent Committee resolved that the Medal should likewise be given to the President of the International Thrift Institute, His Excellency de' Capitani d'Arzago, and to the Director, Mr. Filippo Ravizza (see page 213).

ORGANIZATION
OF THE CONGRESS



The Congress Poster

I.

ORGANIZATION OF THE CONGRESS

For two years the Head Office of the International Thrift Institute at Milan was busy dealing with the choice of subjects for discussion and the appointment of rapporteurs, urging the speedy preparation of papers and endeavouring, partly through long communications to the rapporteurs and a lively exchange of letters, to secure some kind of uniformity in their compilement; it was also making efforts, directly or through the Associations of Savings Banks, to stimulate an increased interest in the Congress, and giving the benefit of its own experience to the organizers of that Congress, at which four of its officers, viz. Dr. HELEN GOLDSCHMIDT (German), Dr. M. MASIA (Italian), Mr. R. T. NORMAN (English) and Dr. J. MANFRINI (French) were present. But all this time the work of organization proper was proceeding in France:

Formation of the Organizing Committee.

When the Permanent Committee met at Luxemburg in 1933, it was agreed that the Third International Thrift Congress should be held in Paris in 1935, on the occasion of the Tenth Anniversary of the International Thrift Institute. At the next Meeting of the Committee, which took place in Rome in 1934, Mr. JOIN-LAMBERT, President of the *Conférence Générale* of French Savings Banks, broadly planned the organization of the Congress and advocated the preparation of general reports. The countries whose Savings Banks would submit general reports were selected at that Meeting.

A first Meeting of the Bureau of the *Conférence Générale* of French Savings Banks had been held in Paris on the 8th January, 1934, for the purpose of adopting a preliminary basis for the organization of the Congress. A second Meeting of the same Bureau, which was also attended by Mr. RAVIZZA, Director of the International Thrift Institute, took place on the 23rd May, 1934, and several resolutions were then passed relating to publicity, to the amount of the attendance fee, to the preparation of reports, to the publication of the Volume containing the Official Records of the Congress and to its printing and, finally, to the display of publicity material which was to be made during the Congress.

A third Meeting of the Bureau of the *Conférence Générale* was held on the 23rd June, 1934. Definite arrangements were then made for the Congress. It was decided to entrust all printing to the International Thrift Institute, and a list was finally drawn up of those who were to compose the Organizing Committee, which was to include the Members of the *Conférence Générale* of French Savings Banks and the Director of the National Savings Bank. An Executive Committee, consisting of the Members of the Bureau of the *Conférence Générale*, was appointed to carry out the resolutions passed by the Organizing Committee.

On the 24th October, 1934, the Organizing Committee held a General Meeting, which was attended by Mr. RAVIZZA. The various questions relating to the organization of the Congress, were there debated, and the Executive Committee and the Organizing Manager were requested to carry out the resolutions that had been adopted.

Frequent discussions subsequently ensued between the members of the Executive Committee and, especially, between the Chairman of the Organizing Committee, Mr. JOIN-LAMBERT, the Vice-Chairman, Mr. BOCHÉUX, and the Organizing Manager, Mr. JEAN LAURENT, before various matters connected with the Congress could be settled.

A final Meeting of the Executive Committee, attended by Mr. RAVIZZA, took place on the 21st March, 1935. All questions relating to the Congress were considered at that Meeting.

It will be seen, therefore, that the work of the Organizing Committee and that of its Executive Committee began more than a year before the Congress.

Formation of the Honorary and Patronage Committees.

The Organizing Committee decided to approach a certain number of prominent men to solicit their support, and so add lustre to the Congress and ensure the greatest possible success. The persons thus approached gave favourable answers, and their names will be found in a special list. Particular mention should here be made of Mr. LAVAL, Foreign Minister, and of Mr. MANDEL, Minister of Posts, to whom special thanks are due for the support, active and moral, which they gave the Congress and which greatly contributed to its success.

Mr. ALBERT LEBRUN, President of the French Republic, kindly agreed to have the Congress placed under his eminent patronage and gave a proof of his interest by personally attending the formal opening Meeting.

Support from Public Authorities.

The Congress, in which the President of the Republic took such a lively interest, received wide support from all the French Public Authorities. Not only did the Ministers agree to form part of the Honorary Committee, but the principal events of the Congress took place under the chairmanship of one or other of them. Thus, Mr. PAUL JACQUIER, Minister of Labour and Social Welfare, presided at the formal opening Meeting on Monday the 20th May; Mr. RIVOLLET, Minister of Pensions, presided at the banquet to which the Permanent Committee of the International Thrift Institute were invited on the evening of the same day; Mr. GERMAIN-MARTIN, Minister of Finances, presided at the formal banquet provided for members of the Congress on Thursday the 23rd May and, finally, Mr. PERNOT, Minister of Justice, took the chair at the closing Meeting on Saturday the 25th May.

Moreover, Mr. CONTENOT, President of the Paris Municipal Council, and Mr. GARNIER, President of the Paris Chamber of Commerce, agreed to form part of the Patronage Committee and showed their interest in this important international event by entertaining the members of the Congress at the *Hôtel de Ville* and the Paris Chamber of Commerce.

Congress Meetings.

After much inquiry, the Organizing Committee of the Congress selected the *Centre Marcelin Berthelot*, 28 bis, rue Saint-Dominique, as a place for the Meetings. The *Centre Marcelin Berthelot* is situated in the old *Hôtel d'Auvergne*, in the immediate neighbourhood of the *Invalides*, of the Chamber of Deputies and of the Foreign and Labour Ministries. The building in question was purchased by the French State in 1929, at the time of the establishment of the Chemistry House National Foundation. Changes were made to adapt the old building, of which the main block, erected at the beginning of the eighteenth century, was in part preserved and in part - the two wings for instance - faithfully rebuilt in the original style.

The central part of the *Centre Marcelin Berthelot*, comprising the reception rooms, and the left wing, suitably equipped for international requirements, had been made available to the Congress not only for its formal sittings but also for official receptions, for the organization of the Display, for committee meetings and for office purposes, etc.

Translation during debates.

The Organizing Committee was at first baffled by the clause in the Regulations providing that foreign Delegations comprising at least 60 members might use their mother tongue in the discussions as well as the two official languages, inasmuch as the Italian, Czech, Spanish, German and Polish delegations fulfilled this condition.

Former Congresses had shown that the exclusive use of the two official languages made it difficult, for many members, to follow the debates; on the other hand, to translate the words of each speaker into the other six languages allowed was out of the question, since the loss of time thus occasioned would have been enormous.

The difficulty was solved by the adoption of a special telephone system (then a recent invention) making it possible for the delegates to hear the debates in their respective languages by using the earphones placed at their disposal for the purpose.

Each speaker on the platform spoke into a microphone and could thus be heard by the various translators, who were in an adjacent room, removed from the bustle of the hall. Each translator, speaking into a microphone, transmitted what he heard into a certain language; each microphone was relayed to all the telephones fitted on the armchairs in the hall. By using a switch provided for the purpose, every member of the Congress was able to hear the language he preferred. It was thus possible to have the platform translations restricted to renderings from English into French and viceversa.

In order to secure perfect results it was necessary to have at hand very cultured and experienced translators. Thanks to the good offices of the Minister of National Education, certified teachers of modern languages who had already attended Congresses were placed at the disposal of the Organizing Committee for English, Italian, Spanish and German. The President of the Chamber of Sworn Translators and Interpreters kindly offered his services for Polish, while the Czech Delegation had appointed one of its own members to take care of translations into Czech.

Thanks to very careful setting and repeated trials made before the opening of the Congress, the telephone system was brought to a high degree of efficiency and it operated to the general satisfaction of members.

Shorthand service.

The Organizing Committee had decided on the speedy publication of an analytical report of each Meeting, which was to be made available to members as soon as possible.

The assistance of a stenographer of the Senate perfectly familiar with that kind of work was therefore secured, and a special service was equipped for typing, and for stencilling and duplicating the analytical reports.

This equipment made it possible to distribute the analytical report of every Meeting in the two official languages at the next Meeting so that, on taking their seats for the afternoon Session, members found the report of the Session that had been held in the morning.

Poster, Badge, Stamp.

The Organizing Committee had decided to have a special poster put up for the Congress at the entrance of the *Centre Marcelin Berthelot*. A sketch submitted by an artist at a competition organized by the Central Office of Savings Banks had been particularly noted, and the author was asked to adapt it to the requirements of the Congress. This poster had also been reproduced in vignettes, which members were able to obtain at the Secretary's Office (see page 17).

The Organizing Committee had likewise planned to offer each Delegate a bronze badge with the effigy of Benjamin Delessert, who first founded Savings Banks in France. Moreover, by courtesy of the Minister of Posts, a postage stamp value Fr. 0.75, also bearing the effigy of Benjamin Delessert, was issued and placed on sale beginning 20th May.



Badge presented to every Delegate.

Display.

Special arrangements had to be made for the Display. It was a remarkable success and, in addition to the material supplied by the International Thrift Institute, there were contributions from the *Conférence Générale* of French Savings Banks, the French National Savings Bank, the *Caisse des Dépôts et Consignations*, the Central Office of Savings Banks, 40 French Savings

AGENDA

of the Third International Thrift Congress

(Art. IV of the Regulations for the Congress)

According to Art. IV of the Regulations, the object of the Third International Thrift Congress was chiefly to render possible a direct exchange of ideas and experiences amongst all persons interested in the work of Savings Banks in particular and in Thrift in general, to establish or foster personal relations between them, and to study especially the following questions:

- a) **The Savings Banks and Crises.**
- b) **The Mortgage Loan Guarantee.**
- c) **The Savings Banks' Rate of Interest Policy.**
- d) **Savings and Life Insurance.**
- e) **School Savings.**

Availing itself of the proviso contained in Art. XII of the Regulations, the Congress likewise considered two questions not mentioned in those Regulations, to wit:

- 1) **The Standardization of Savings Statistics.**
 - 2) **The Savings Banks and Lotteries.**
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- a) The Savings Banks and crises.
- b) The mortgage loan guarantee.
- c) The Savings Banks' rate of interest policy.
- d) Savings and life insurance.
- e) School savings.

FIFTH ARTICLE

Attendance.

Delegates to the Congress shall be nominated, on the invitation of the Organizing Committee, by Savings Banks or their Associations, or in agreement with them.

SIXTH ARTICLE.

Fees.

A fee of 100 Italian lire (or the equivalent of this sum in other currencies) will be charged for each delegate attending the Congress.

The French delegates and all personages invited by the French Organizing Committee, in accordance with the provisions of the Seventh Article, will be exempt from payment of the attendance fee.

These fees will be paid direct by the delegates to the International Thrift Institute, for which they have been destined by the Organizing Committee of the Congress.

The expenses of the Congress will be borne by the French Institutions.

Provisions concerning the members of the families of delegates and guests who would like to accompany the latter will be contained in the programme.

SEVENTH ARTICLE.

Invitations

The Organizing Committee may extend invitations in particular to the Government and to public bodies.

EIGHTH ARTICLE.

Admission to the Congress.

Delegates and guests will receive a personal admission card, a badge, and details regarding the programme of the proceedings.

NINTH ARTICLE.

Chair of the Congress.

The Chair of the Congress, dealt with in Art. 13 of the By-laws of the International Thrift Institute, will be formed by the

President and Vice-Presidents of the Permanent Committee, who will coöpt a delegate from each country whose Savings Banks, enrolled with the International Thrift Institute, will be actually represented at the Congress.

At the plenary sittings of the Congress the chair will be taken by the President and Vice-Presidents of the International Thrift Institute.

The Chair will be entrusted with the preparation of the agenda and the reports of the Congress proceedings.

TENTH ARTICLE.

Languages.

The official languages of the Congress will be English and French, and delegates are strongly urged to use one of these.

However, if at least 60 duly registered delegates whose mother tongue is not one of those adopted shall ask for their national language to be adopted, this can be used during the discussions. Application must be made to the Organizing Committee by the 15th March 1935, and interpreters will then be appointed for the translation from these languages into the two official languages and vice-versa.

ELEVENTH ARTICLE.

Reports.

Reports on the subjects given in the Fourth Article must be addressed to the International Thrift Institute, drawn up in the language of the reporter and in one at least of the two official languages. Any other arrangements more suitable to those sending reports can be made in agreement with the International Thrift Institute.

The International Thrift Institute will proceed to the translation of the reports into the second official language or, if need be, into both, and to the preparation of the copy to be sent to the printer's with a view to printing 500 copies in each official language.

The reports will be sent to each delegate in good time for him to be able to study them before leaving for the Congress.

Reports will be given the largest possible publicity amongst Savings Institutions all over the world, chiefly through the International Thrift Institute, which will also endeavour to publish them in summary form in its monthly Review.

Remarks on the reports can be sent to the International Thrift Institute which will pass them on to the rapporteurs, who will thus be able to prepare the discussion before the Congress.

TWELFTH ARTICLE.

New subjects.

If the agenda permits, the Chairman of the Congress may, as an exceptional thing, authorize a delegate to submit a communication on a subject not expressly provided for, in case this new subject is of special importance from the point of view of thrift and it is necessary for it to be immediately brought before the notice of the Congress.

THIRTEENTH ARTICLE.

Discussion.

Reports presented will be taken as read and studied beforehand so that the whole time of the sittings may be devoted to discussion.

FOURTEENTH ARTICLE.

Voting.

The Chairman can have a vote passed at the end of any debate involving the passing of a resolution. A resolution will be held as adopted when supported by the majority of the delegates present at the sitting.

FIFTEENTH ARTICLE.

Unexpected cases.

All contingencies not provided for in the present regulations will be settled by the Organizing Committee. However, during the sittings, any points concerning the discussion and not prescribed by these regulations will be decided by the Chair of the Congress.

SIXTEENTH ARTICLE.

Report of proceedings.

An official report of the Congress proceedings will be published.

SEVENTEENTH ARTICLE.

Exhibition.

During the Congress an exhibition comprising four sections will be held:

- a) Propaganda;
- b) The Savings Press;
- c) Statistics, bookkeeping and sundry;
- d) Social works.

The stands will be placed at disposal and the material installed by the Organizing Committee free of charge, the exhibitors bearing the expenses of transport both ways.

There will also be held a Commercial Exhibition for Savings Bank suppliers.

Those exhibiting in the Commercial Section will have to pay the fees stipulated in the Regulations for the Exhibition.

The articles displayed in Sections *a*, *b* and *c* will, if not otherwise reserved by the senders, be collected at the end of the Congress and appropriated by the International Thrift Institute, unless an agreement is made with Savings Banks having a special interest in them.

The material which will become the property of the International Thrift Institute will be held at the disposal of member Savings Banks.

Savings Banks, and other organizations intending to take part in the Exhibition are requested to notify the Congress Organizing Committee as soon as possible and by the 15th March 1935 latest, specifying the quantity, size and value of the material, space necessary for displaying and any other useful details. On the basis of the particulars given, arrangements will be made in due course with the exhibitors.

EIGHTEENTH ARTICLE.

Information.

Registrations, payments of fees, enquiries and all questions not concerning travel and stay must be sent to Professor F. RAVIZZA, *Director of the International Thrift Institute*, 11 Via Monte di Pietà, Milan (Italy). Telegraphic Address: *Interthrift, Milan*.

All enquiries concerning travel and stay in France must be addressed to M. JEAN LAURENT, *Commissaire Général du Comité d'Organisation du Congrès*, 97 rue d'Alésia, Paris (XIV).

NINETEENTH ARTICLE.

Acceptance of the regulations.

Registration for attendance at the Congress implies acceptance of the present Regulations.

CHAIRMANSHIP OF THE CONGRESS MEETINGS

Chairman

S. E. GIUSEPPE DE' CAPITANI D'ARZAGO (Milano), Ministro di Stato, Senatore del Regno, Presidente della Cassa di Risparmio delle Provincie Lombarde e dell'Associazione Nazionale delle Casse di Risparmio Italiane; Presidente dell'Istituto Internazionale del Risparmio.

Vice-Chairmen:

ANDRÉ LEBERT, Sénateur (Paris), Président de la Commission Supérieure et Vice-Président de la Conférence Générale des Caisses d'Épargne de France; Président de la Conférence des Caisses d'Épargne de l'Ouest et du Sud-Ouest; Président de la Caisse d'Épargne du Mans; Vice-Président de l'Institut International de l'Épargne.

Sir SPENCER J. PORTAL J. P. (London), Président of the London Savings Bank; President of the British Trustee Savings Banks Association; Vice-President of the International Thrift Institute.

LEWIS GAWTRY (New York), President of the Bank for Savings in the City of New York; Vice-President of the International Thrift Institute.

Members:

ANDERSEN C. F. (Denmark), Director of the Frederiksborg Amts Spare-og Laanekasse, Hillerød; Member of the Permanent Committee of the International Thrift Institute.

CARMO e CUNHA RAUL (Portugal), Administrador da Caixa Geral de Depósitos, Crédito e Previdência, Lisboa.

CHIAPPINI ALEX. JOHN (South Africa), President of the Cape of Good Hope Savings Bank Society, Capetown.

DEROOVER EMILE JACQUES (Belgium), Directeur Général honoraire de la Caisse Générale d'Épargne et de Retraite de Belgique, Bruxelles; Membre du Comité Permanent de l'Institut International de l'Épargne.

DIMITROFF D. G. (Bulgaria), Directeur de la Caisse d'Épargne Postale de Bulgarie; Président de l'Union Professionnelle du Personnel des P.T.T. en Bulgarie, Sofia; Membre du Comité Permanent de l'Institut International de l'Épargne.

FLEUTET HENRI (Switzerland), Directeur de la Caisse d'Épargne de la République et Canton de Genève; Membre du Comité Permanent de l'Institut International de l'Épargne.

GUGELMEIER ERWIN (Germany), Stellvertretender Präsident des Deutschen Sparkassen-und Giroverbandes, Berlin; Mitglied des Ständigen Ausschusses des Internationalen Institutes des Sparwesens.

HAUGAARD BJARNE (Norway), Director of the Bank-og Sparebankinspeksjonen, Oslo.

JÖNSSON JOSEF HUGO (Sweden), General Manager of the Upsala Sparbank; Director of the Federation of the Central Savings Banks Associations in the Northern Countries; Member of the Committee of the Swedish Savings Banks' Association and Director of its Propaganda Department; Member of the Permanent Committee of the International Thrift Institute.

KAIRA KAARLO (Finland), Chairman of the Board of Administration of the Central Bank of Finnish Savings Banks, Helsinki; Vice-Chairman of the Board of the Finnish Savings Bank of Helsinki.

KERSCHEN NICOLAS (Luxembourg), Directeur et Président du Conseil d'Administration de la Caisse d'Épargne du Grand-Duché de Luxembourg; Membre du Comité Permanent de l'Institut International de l'Épargne.

LANGFORD FRANK LESLIE (Tasmania), President of the Hobart Savings Bank.

MIGOYA Y TORRE ELISEO (Spain), Director de la Caja de Ahorros y Monte de Piedad Municipal de Bilbao; Presidente de la Confederación Española de Cajas de Ahorros Benéficas y del Instituto de Crédito de las Cajas Generales de Ahorro; Vocal del Comité Permanente del Instituto Internacional del Ahorro.

MORSELLI GIOVANNI (Italy), Vice-Presidente della Cassa di Risparmio delle Provincie Lombarde, Milano; Membro del Comitato Permanente dell'Istituto Internazionale del Risparmio.

NETTA GHERON (Roumania), Membre du Comité de Direction et du Conseil d'Administration de la Caisse Nationale d'Épargne et Chèques Postaux de Roumanie, Bucarest; Membre du Comité Permanent de l'Institut International de l'Épargne.

POSPISIL VILEM (Czechoslovakia), Ministre Plénipotentiaire, Prague; Membre du Comité Permanent de l'Institut International de l'Épargne.

RACIC DURO (Yugoslavia), Secrétaire de la Fédération des Caisses d'Épargne du Royaume de Yougoslavie, Zagreb; Membre du Comité Permanent de l'Institut International de l'Épargne.

RASMINSKY LOUIS (League of Nations), Member of the Financial Section and Economic Intelligence Service, Geneva.

STIGLEITNER HANS (Austria), Bundeswirtschaftsrat; Verbandsanwalt des Reichsverbandes Deutscher Sparkassen in Oesterreich, Wien; Mitglied des Ständigen Ausschusses und Schatzmeister des Internationalen Institutes des Sparwesens.

WILSON WILLIAM J. P. (New Zealand), Manager of the Hokitika Savings Bank.

Secretary:

RAVIZZA FILIPPO, Director of the International Thrift Institute.

RESOLUTIONS COMMITTEES

Every Committee was composed of the rapporteurs on the subject indicated and was presided over by the general rapporteur. Other persons with special competency in the subject handled by a Committee, or particularly interested therein, were allowed to form part of it as members. Their names are given among those of the rapporteurs. The Director of the International Thrift Institute was on all the Committees.

Committee for the Subject : The Savings Banks and crises.

Chairman: ERWIN GUGELMEIER (Germany), general rapporteur.
PHILIP A. BENSON (U.S.A.).
H. W. BOSCH (Holland).
GIUSEPPE BROGLIA, ENRICO MASETTI, GIULIO FENOGLIO (Italy).
RAUL CARMO e CUNHA (Portugal).
JAMES R. FIDDES (Great Britain).
K. J. KALLIALA (Finland).
ERNST KLEINER (Germany).
MAURICE MALÉCOT (France).
Delegation of the National Savings Bank of Roumania.
CASIMIR SLOMSKI (Poland).
FRIEDRICH THAUSING (Austria).
JINDRICH WILD (Czechoslovakia).

Committee for the Subject : The Mortgage loan guarantee.

Chairman: FAUSTO BIANCHI (Italy), general rapporteur.
PHILIP A. BENSON (U.S.A.).
J. R. A. BUNING (Holland).
OTAKAR CMUNT (Czechoslovakia).
JOHN LACHAVANNE (Switzerland).
ELISEO MIGOYA Y TORRE (Spain).
HANS STIGLEITNER and HANS BIALORUSKI (Austria).
FRANCESCO TERRIZZANI and LUIGI BATTOCCHIO (Italy).
PAUL VAUTRIN (France).
ARIBERTO MARCORA (Italy).
FRIEDRICH UNVERZAGT (Germany).
JAN STOLZ (Czechoslovakia).

Committee for the Subject : The Savings Banks' rate of interest policy.

Chairman: CHARLES KRUG (France), general rapporteur.
PHILIP A. BENSON (U.S.A.).
EUGÈNE BOCHEUX (France).
ANDRÉ LEBERT (France).
GIUSEPPE CAFFARELLI and MIARI DE CUMANI (Italy).
ROMANO MAGRINI (Italy).
RAUL CARMO e CUNHA (Portugal).
FELIX FREY (Austria).
MAURICE VAN GRUNDERBEECK (Belgium).
ERWIN GUGELMEIER (Germany).
Delegation of the National Savings Bank of Roumania.
ALBIN ZAK (Czechoslovakia).
WLADIMIR MURKO (Jugoslavia).
H. W. BOSCH (Holland).

Committee for the Subject : Savings and Life Insurance.

Chairman: HENRY GRUBER (Poland), general rapporteur.
HENRY CHARRIÈRE (France).
E. C. C. EVANS (Great Britain).
ERWIN GUGELMEIER (Germany).
SIGISMOND KONOPKA (Poland).
UMBERTO PEPI and GIOVANNI MISCO (Italy).
FRANCISCO RUIZ DE DIEGO (Spain).
CARL M. SPENCER (U.S.A.).
JOSEF ZICH-ROSENFELD (Czechoslovakia).

Committee for the Subject : School Savings.

Chairman: H. OLIVER HORNE (Great Britain), general rapporteur.
MAURICE BELLEMAIN (France).
FAUSTO BIANCHI (Italy).
JULES FRÉDÉRIC (Belgium).
THOMAS HENDERSON (Great Britain).
J. H. JÖNSSON (Sweden).
POUL MÜLLER (Denmark).
Delegation of the National Savings Bank of Roumania.
MATEO BERNARDO SAGASTA (Spain).
JOHN W. SANDSTEDT (U.S.A.).
P. L. SLIS (Holland).
A. V. TOLA (Finland).
ALOIS ZIPEK (Czechoslovakia).

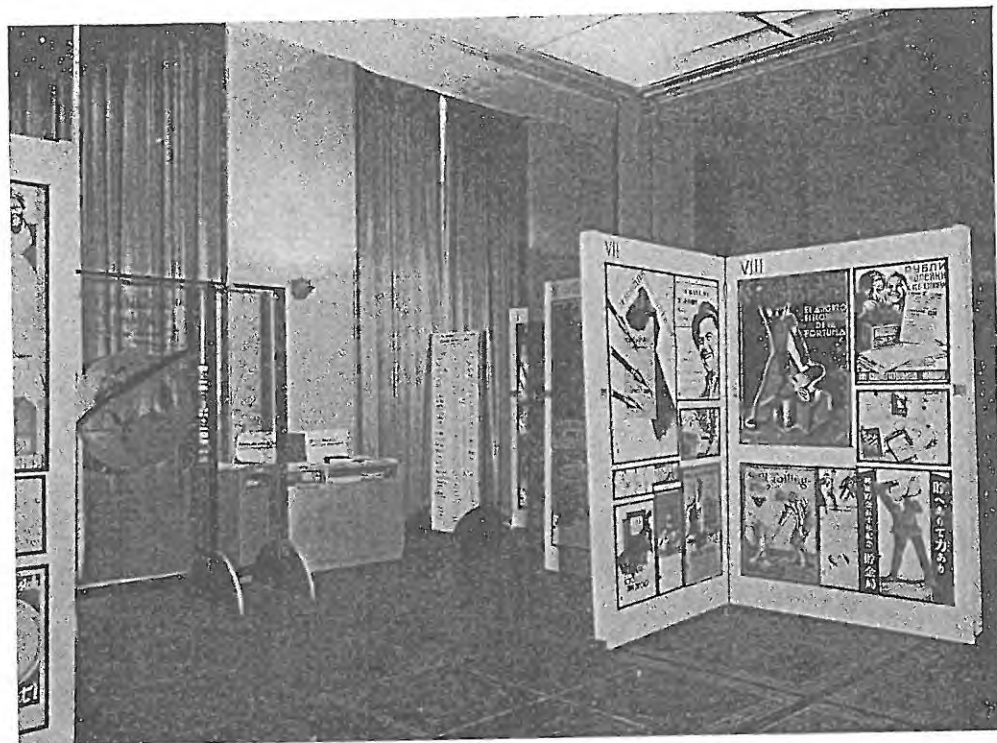
THE THRIFT DISPLAY



*The Thrift Display. -
Visit by the President
of the French
Republic.*



*View of the stands, left-
hand side of the central
aisle. In the foreground,
the Display of the Central
Bureau of the Savings
Banks of France. - In the
background, the Display
of the Conférence Géné-
rale of the Savings Banks
of France, with busts of
Benjamin Delessert and
the Duke de la Rochefou-
cauld, founders of the
Savings Bank of Paris.*



Display of the International Thrift Institute
Some of the panels
the Second Travell
Display of Thrift P
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Display of the Tri
Savings Banks, of
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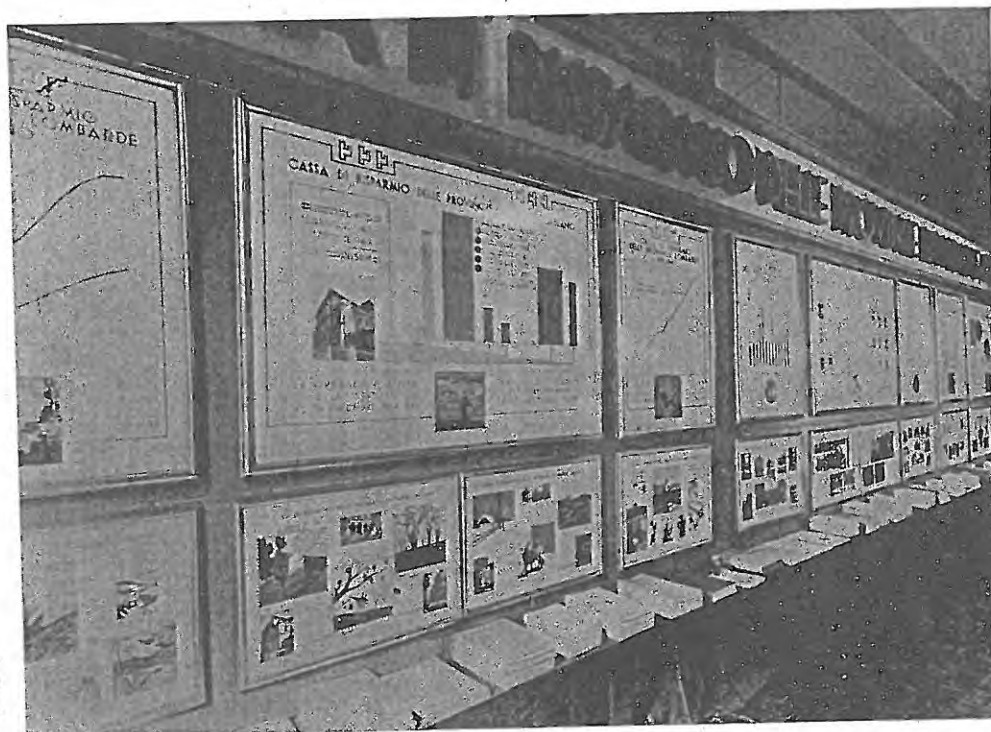
Display of the International Thrift Institute. .
 ne of the panels of
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Display of the Old
 Age Pensions and
 Savings Bank of
 Barcelona.



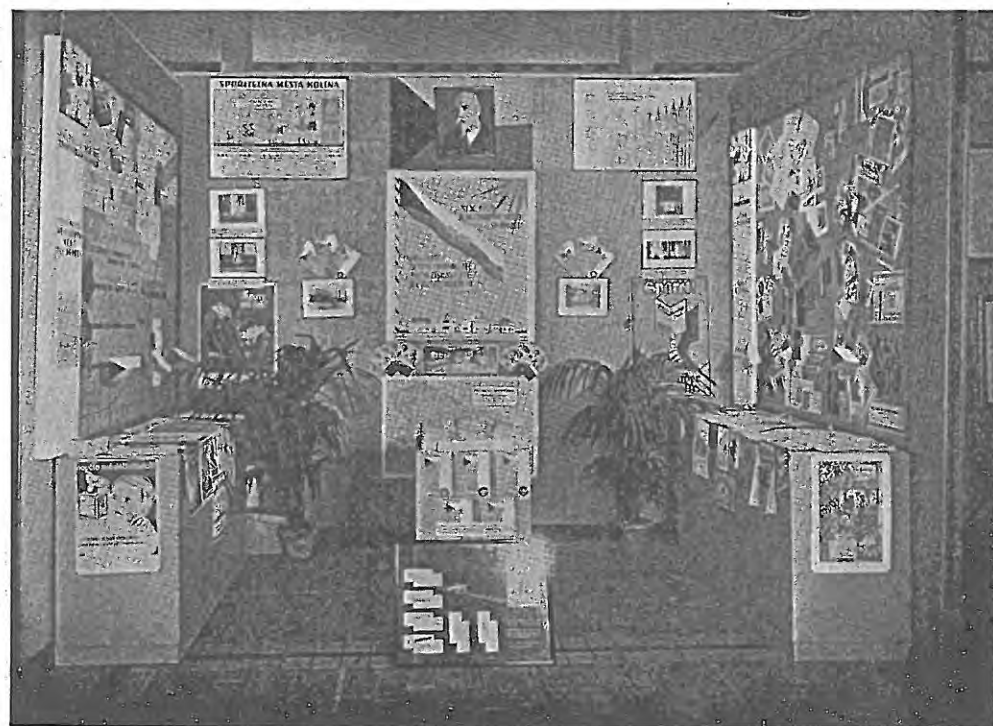
Display of the Trustee
 Savings Banks, of the
 Office Savings
 Bank and of the Na-
 tional Savings Move-
 ment of Great Britain.

Display of the Sav-
 ings Bank of the
 Lombard Provinces,
 Milan.





Display of the German Association of Savings and Giro Banks.



Display of the Czechoslovak Savings Banks.

Savings Banks and crises.

by PHILIP A. BENSON

President National Association of Mutual Savings Banks, New York, and President Dime Savings Bank, Brooklyn - Member of the Permanent Committee of the International Thrift Institute.

I never cease to be impressed by the fact that the mutual savings bank in its first conception was an almost perfect social institution and so it has continued down to our present day. Through a century of wars, panics and upheavals, accompanied by bursts of progress, prosperity and optimism, the mutual savings bank has steadfastly safeguarded the accumulated funds of the average man and woman. It would not be too much to say that no other type of institution in the country has performed such a notable service over such a long period of years with such uniform security to the individual.

Recent years have brought a legion of new and difficult problems. But I believe we have met the needs of the hour in a way that should properly give us cause for increased pride in our institutions. As a test of the position held by mutual savings banks today we need only point to the fact that our depositors are at the peak for all time and set a new high mark for the half year. When we remember that our \$9,700,000,000 of deposits are the property of 13,700,000 individuals owning separate accounts, the extent of our responsibility should give us a new conception of the opportunities and obligations which are ours. ment 2

The nation has passed through a crisis of the first order and most of us believe that we can see continued progress in the period opening ahead. Yet it is true that all institutions of the country are undergoing the strain which comes from a great and somewhat hurried evolution. With our roots firmly fixed in the past, the country finds itself animated by a new and rapid growth which cannot be truly estimated at this time. Of one thing I am convinced, no theories or practices ever can take the place of old-fashioned thrift and saving. The man who acquires a dollar before he spends it always has been, always will be, better off than

the man who spends before he earns. This sound lesson has been brought home to a large section of the American people, so many of whom rushed into debt and over-expansion, only to find that they would have been very much better off with a more substantial foundation of fact, instead of pursuing pleasant illusions. The outlook for savings seems to me as sound as it ever has been, and a great deal more favorable than in some while. Continued reemployment and distribution of current earnings is certain to result in improved savings. The record of the mutual institutions is such that we may expect to receive a large inflow of funds. Our problem is to assure their safe investment, as we have done throughout the world crisis and expect to do in the new day.

We have watched with careful attention the measures put forth by the national government, designed to restore prosperity to the people of our country. These plans have made drastic changes in our economic and financial structure. However, I believe prosperity is something that cannot be confined within the limits of our national borders, nor can it be kept outside of those borders. If we are to be prosperous, the world must be prosperous and better trade relations with the world would be helpful to us. Of course it is to be assumed that this country cannot do everything to secure world prosperity, that other nations must do their part, but to help bring about conditions of prosperity through normal trade might be more effective than any number of relief measures.

The great fund of more than \$9,700,000,000 committed to the custody of the members of this association constitutes one of the largest reservoirs of savings in existence now or at any time in the world's history. To my mind the fund is one of a particularly inviolable character. It has been upbuilt by innumerable deposits of small amounts. It is the product of frugality, self-denial and devotion. Whose imagination is capable of visualizing the stories of human interest associated with this fund? Who could begin to narrate the reasons that lay behind the creation and the upbuilding of these millions of separate accounts? Without the motives that promote savings, without the virtues that inspire thrift and industry, this huge fund would not be in existence. But there it stands, a great monument to purpose, endeavor and accomplishment.

What should be the answer of those who own these accounts, of those whose savings are represented by this fund, to the blatant demagoguery of those who speak of destroying capital and of transferring wealth from those who own it to those whom they vaguely call "the debtors"? Who owns those things that represent the

wealth of this country? Where did those things come from? What money produced them? The simplest and truest answer I know is that they came from savings. It is the savings of the people that have been put into mortgage loans for the purpose of erecting the buildings in our big cities. It is the savings funds from which the railroads have been constructed, the public utility plants built, and from which all of the improvements made by our cities, states and other governmental bodies have been, to a large extent, financed.

Furthermore, thrift, savings, the creation of wealth, its ownership, in fact all of the social and economic progress of the nation, have been upbuilt under the protection of the Federal Constitution. To undermine the foundations which we have built, to destroy much of what has been accomplished during a period of years, to arrest the progress of human enterprise for the purpose of correcting the evils that have crept into our economic system is, to my mind, wrong and dangerous.

Whilst at the Savings Bank of the Lombard Provinces this ratio exceeds the high percentage of 8% for the whole three-year period, with an average for this period of 8.10%, at the Turin Savings Bank we note a decline from 5.98% in 1927 to 5.83% in 1928, with a recovery the year following to 6.10%.

This diversity of situation, which on the surface may seem to contradict what we stated above, is accounted for not only by the heavy inflow of deposits at the Turin Savings Bank, to the point of registering in 1928 an increase of 14.68% in comparison with the previous year, but also by the large real estate amortisations and prudent valuations of securities at the close of these years.

"The great crisis".

On the 22nd October 1929 there came about on the New York stock exchange the sudden collapse of securities which up to the day before had been anxiously sought for at rising prices. From that date started the economic crisis the most serious in extent and intensity that history records.

Eleven years had gone by since the end of the Great War and it was hoped that its sad heritage would be wiped out in time, especially as the period running from 1925 to the middle of 1929, after the currency, economic and political troubles of the after war period, appeared to show reassuring signs of regained prosperity. In fact, notwithstanding the fluctuations of the two years 1927-28, the production and consumption of the principal commodities had reached very high levels, higher than before the war, whilst the exchanges of capital between country and country had brought a compensation, albeit a partial one only, for the check placed on international trade and emigration (1). And the International Economic Conference, which met in Geneva in May, 1927, had declared, following pressure on the part of France, that finally the increase in customs tariffs could be stopped and a closer international co-operation started.

Despite these comforting signs, an objective observer could have perceived heavy clouds on the broad horizon of the world economy, apparently so clear.

In fact, the weight of public debts at home and between the governments in continual increase, the unsolved problem of war

(1) The extraordinary development of the American "prosperity" under President Coolidge had in fact spread to Europe in the form of large-scale and easy loans to various countries. It is calculated, for example, that from 1925 to 1928 in Germany alone about 260 million dollars a year was invested by the United States.

reparations, the fiscal burdens that had increased owing, among other things, to the spreading of social insurance, the organization of production, handicapped by the controlling action of the trusts, extreme economic nationalism, international exchanges shackled more and more, inflation and the tying up of credit driven to more and more disproportionate figures, and lastly the uneasiness brought about by the so-called Peace Treaties, which constituted potentially a continuous danger of war, represented so many negative factors which have unfortunately ended up by deciding in favour of the so much derided Cassandras, who considered the "Old Deal" — the Gospel of unlimited prosperity — an illusion which was bound to resolve itself into a crisis which would be a scourge to all countries for many years.

The crisis, which started with the serious collapse of the New York stock exchange, spread with disastrous rapidity over the United States, extending subsequently to all countries in the world, whilst the sudden fall in wholesale prices for raw materials, agricultural and mineral, caused the immediate ruin of large masses of the population and aggravated the situation of the countries which supported themselves chiefly by the export of agricultural produce and raw materials.

The reaction of the events was felt in Europe, particularly in the place of least economic resistance, Vienna, where the *Boden-Credit-Anstalt* (Land Credit Institute), after a long drawn out struggle, dragged down with it at the beginning of 1931 the *Oesterreichische Credit-Anstalt* (Austrian Credit Institute), whilst Germany and Austria made public an agreement for a customs union, which seemed to many to signal the end of Austria's independence, in violation of the treaties.

In this way the economic crisis was followed by a political crisis, and the situation, which could have been improved by the prompt co-operation of the leading foreign banks, became desperate in the expectation of a solution of the political problems. Meanwhile, the demand for funds deposited at short term became imperative and extended, through well justified fears, to the German banks, notwithstanding the relief brought by the moratorium granted on the 20th June 1931 by the new President of the United States, Herbert Hoover, on payments for reparations and war debts. The failure of the "Danatbank" (*Darmstädter u. Nationalbank*) in July 1931 and the amalgamation, with colossal losses, of various big banks under the aegis of the State, did not serve to calm the situation, whilst the sentence passed by the International Court of The Hague declared the customs union between Germany and Austria null and void.

In the meantime, however, the epidemic spread to the banks of the Northern countries, of the Balkans and of the basin of the Mediterranean, compelling all States to shoulder the burden of intervening in order to avoid the worst. It is calculated that the bank crisis of 1931 cost the various States tens and tens of milliards, which in one form or another were taken from savings.

Yet a certain easing of the situation in the near future could have been expected if the bank crisis had not also affected the monetary equilibrium, which had been replaced on the gold basis with so much difficulty, in the form of the "gold exchange standard", which it seemed should also be guaranteed by the pre-supposed international co-operation.

Be this as it may, on Monday the 21st September 1931 the British Government officially announced the suspension of the gold standard, and England, who had won the glorious title of the "world's banker" on account of her century-old monetary probity, renounced this title of honour; in consequence, at the end of 1932 twenty-seven States found themselves obliged to renounce the convertibility of the currency. Only a small nucleus of countries weathered the storm, Italy included, whose firmness, let us hope, may reap the reward which has at all times been gained by all those, private individuals, towns or states, who have respected the integrity of their currency.

In the United States, the discomfiture of Hoover, the leader, like his predecessor Coolidge, of the "prosperity" and "old deal" fallacy (interred by the disasters which followed October 1929), and the election of Franklin Roosevelt, who on the 4th March 1933 declared in his programmatic speech at the Capitol, that he wanted an "adequate but sound currency", led people to hope in a sound change of route. However the obscure promise resolved itself on the 19th April into the dollar being taken off the gold standard. Harkening to the illusory propaganda of the inflationists and to the cries for a rise in prices, Roosevelt ended up by believing that the old gold dollar no longer corresponded to the low level of prices brought on by the crisis, and that the value of the dollar would have to be lessened in order to raise the level.

There is no telling what disastrous effects this new faithlessness to gold, accompanied by the attempt to institute the "commodity dollar", has brought about all over the globe. The chaos appeared so immense that England herself considered it indispensable to convene a world economic Conference in London on the 12th June 1933 to put an end to this disorder. And, but for America's eleventh-hour desertion, the Conference would

have been able to open up a confident co-operation for the reorganization of the currency and the end of the crisis. But, with the failure of the fundamental agreement between London and Washington, the representatives of the sixty-six States who had attended the Conference separated with the conviction that the confusion in which the world was floundering was beyond human remedy, and each of them fell a victim to the illusion that, to put up a defence against the crisis, it would be best to establish an autonomous economy within the boundaries of his own country. The economic world thus became a bee-hive of water-tight compartments with a return to times which were considered as having been superseded centuries ago.

Notwithstanding the failure of the Conference, the nations involved in the so-called gold block, France, Italy, Belgium, Holland, Switzerland and Poland, solemnly undertook, with the President of the Group, M. Bonnet, Minister of Finance, as spokesman, to maintain "le libre fonctionnement de l'étalon or sur la base de la parité actuelle" (The free functioning of the gold standard on the basis of the present parity).

Since the middle of 1933 the storm seems to have died down somewhat notwithstanding political complications, and, although there have been no real symptoms of recovery, at least a new equilibrium has been formed responding to the principle of the autarkic State.

If we look at the ups and downs of these last few years objectively, at a distance from the events, we can sum up the causes of this "great crisis" as follows:

- the consequences of the world war with its corollaries: burdens for the reconstruction of the wealth destroyed; disequilibrium on account of the in some cases unfair marking of the frontiers of the new States; disturbances in the movement of capital due to the payment of reparations;

- the return of exaggerated protectionism in respect of merchandise, currencies and labour, resulting in continuous decreases in international trade and an enormous destruction of wealth through the new geographical distribution of production;

- disequilibrium between the technical possibilities of production and the difficulties of distribution;

- difficult adaptation in agricultural countries to a new production, on more modest lines and at lower costs, of agriculture which has developed on industrial lines, with high costs and with productiveness far exceeding the limits of the demand;

- lastly, collective madness, which, fed by all these causes, broke out first of all in a megalomania during the period of prosper-

ity and then in a state of demoralization during the depression, first overestimating the possibilities of development and then underestimating the possibilities of recovery.

In the midst of these economic, political and psychological vicissitudes the States were obliged by the sheer force of circumstances to concern themselves more with economic questions.

As States were compelled to intervene in order to settle up and control matters and were under the necessity of making the measures taken produce their effects as quickly as possible, in almost all countries the slow parliamentary machine was substituted in one way or another by the full powers of the Governments. Thus the liberal State, limited to the services of defence, justice and education, was in fact substituted by the totalitarian State which took upon itself and directed all the various activities, political and economic, with the supreme purpose of ensuring the wellbeing and progress of the community.

In this metamorphosis which the "great crisis" has accelerated, Italy has shown herself a mistress of measure and political wisdom and has summed up in the Duce's gigantic work the virtues matured and refined in its twenty-seven centuries of civilization.

Before closing these panoramic notes, however, it must be called to mind that the "great crisis" has, like all the previous ones, given rise to theories, hypotheses and proposals, often without the merit of novelty. In the case of one of them we must show its lack of foundation; namely of the theory considering saving as one of the factors determining the economic upheaval, the arguments for which were put forward without any originality, using at random the statistics for deposits and the old accusations to the effect that, by restricting consumption, saving hampers equilibrium between technical productiveness and the capacity of absorption.

As Professor Pantaleoni had occasion to remark, the statistics of the deposits cannot constitute an index of economic prosperity or decadence, because the deposits at the Savings Banks and other Credit Institutes are but an unknown fraction of an unknown whole. On the other hand how could the modern economy have arisen and how could it have come through so many vicissitudes without the renunciation of the consumption of present goods?

This renunciation, which is commonly called thrift, permits, in normal times, of credits for agricultural improvements, for the extension and modernization of industries and for the development of transport and trade, and during a crisis constitutes the

"indispensable instrument for the recovery starting the new prosperity" as Marquis De' Capitani d'Arzago has lucidly demonstrated.

For this, in all civilized countries thrift is considered a virtue from both the moral and economic standpoint; for this, Fascist Italy has always honoured and exalted it and has constituted for it the soundest basis by making the currency sound.

Italy and the "great crisis"

When the Wall Street crisis broke out, our country was just getting over the depression brought on by the reorganization of the currency through the healthy and energetical cleaning up of its economic, and particularly monetary and banking, structure, which we have mentioned already.

The state of convalescence in which the nation's economy was lying at that time certainly could not be the most fitting one in which to weather the new storm, but, whilst this state of depression constituted on the one hand a negative factor, on the other it undeniably represented, in view of special local psychological and economic conditions among other things, a situation less sensitive to exaggerated and perhaps fatal disequilibria, especially as the work of the National Government had instituted a new order answering the necessities of the times.

In fact the Fascist State was able, by means of its corporative organization, to intervene in good time in the field of economy and finance with adequate measures and to obtain much speedier and more effective results than any other intervention, left to the sole forces derived from private action, could have achieved.

Liberty in taking the initiative and overcoming natural inertia by provoking, with uniform and converging motion, the drive to certain movements, enabled and still enables the corporative State to obtain tangible results with infinitely greater velocity than formerly.

Now, as the crisis also depends on a "dephasing" of velocities in the economic process, understood in its broadest sense, or still better on an irregular velocity in the various sections of economic organization, it is easy to realize the importance of the Fascist corporative principle, which, being inspired by the supreme interests of the country, has been able to regulate all individual forces in an effective co-operation.

We shall not go into the subject at length, especially as the short history of the crisis, which we have set out above, explains the uneasiness it has also brought to our own economy, but

we cannot pass over in silence the work of the Fascist Government in the sphere of bank reorganization, for this will enable us to throw more light upon the vicissitudes of the Savings Banks in the four years of crisis.

Reorganization of the bank system.

We have already mentioned in brief the measures adopted by the National Government in the years 1926 and 1927 for the protection of savings, for the settlement of the floating debt, for the reorganization of the Institutes of issue and for the reform of the Savings Banks. But another serious and pressing problem had matured and was demanding a prompt solution: the problem of bringing the Credit Institutes back to their essential tasks without causing heavy shocks to the structure of Italian economy: namely of giving them back the necessary liquidity and liberty of movement through the absorption of shares and the "thawing" of personal credits which the Institutes had overconfidently taken up.

As measures had been taken in 1923 for reorganizing the Bank of Rome, after the fall of the Italian Discount Bank (*Banca Italiana di Sconto*), with the intervention of the autonomous Section of the Board for the Subsidizing of Securities (*Consorzio Sovvenzione Valori*), in January 1930 the National Credit Bank (*Banca Nazionale di Credito*) was absorbed by the Italian Credit Institute (*Credito Italiano*), and at the same time the National Finance Company (*Compagnia finanziaria Nazionale*) and the National Finance Institute (*Istituto Finanziario Nazionale*), merged into each other, took on the name of the old National Credit Bank, freeing the Italian Credit Institute from the locking up of capital caused by financial participations. Thus renovated and strengthened, it was able to resume the typical banking functions of collecting deposits and discounting commercial bills.

Later, in the autumn of 1931, the work of reorganizing the Italian Bank of Commerce (*Banca Commerciale Italiana*) was also happily launched, the operation being the more awkward on account of the high figure of the Institute's locked up capital. Notwithstanding the difficulties, the bank's situation was put in order by means of the transfer of all its industrial shares and frozen credits, amounting to about 4 thousand million, to the Italian Industrial Finance Company (*Società finanziaria industriale italiana - Sofindit*), which procured the necessary funds through the Italian Institute for the granting of credit on securities (*Istituto Mobiliare Italiano*) founded by Royal Decree of the 13th November 1931, and to the Institute for Industrial Reconstruction (*Isti-*

tuto per la Ricostruzione Industriale) founded by Royal Decree of the 23rd January 1933, whose bond loans for colossal amounts found favour among savers and permitted of valuable assistance to the country's industrial organization with the elimination of the possibility and danger of long-term financings on the part of ordinary credit banks.

The Savings Banks promptly contributed to the constitution of the *Istituto Mobiliare Italiano* and of the *Istituto per la Ricostruzione Industriale*, by subscribing on a large scale to the issues of bonds for their own account and by encouraging their depositors to take them up. They were inspired to do this not only by the desire to co-operate wholeheartedly in the Fascist Government's economic policy but also by the consciousness of a superior solidarity counselling the sensible man to run and put out a fire at his neighbour's.

These short notes on bank reorganization in the four years of crisis thus enable us to stress the financial support given by our Institutions for the establishment and development of the organizations set up on the basis of the new tasks assigned by the corporative system, and in the second place to understand the savers' attachment to the Savings Banks which, in the period of depression, although with due caution, have made possible the reform of the ordinary credit banks, and therefore of the whole financial market, consequently strengthening the money market too.

Savings Bank deposits during the "great crisis."

After this introduction, not without interest for the purposes of our study, we will resume in the usual way the analysis of the effects of the "great crisis" on the deposits, investments and own resources of the Savings Banks.

At the close of 1930, when the effects of the American collapse had not yet been felt to the full in Europe, deposits at all the Savings Banks in the Kingdom showed an increase of quite 912.3 million lire against the previous year's figures. This increase is all the more significant because it was due not to temporary phenomena of currency inflation but to the unanimous consent given to the Government's policy for the sedulous and foresighted protection of the new lira.

The slowing down in payments-in during the first few months of 1930 was in fact followed by a decided recovery, and, after a

Mortgage loan guarantee

by PHILIP A. BENSON

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Generally it can be said that in making mortgage loans mutual savings banks deal directly with the borrower or his representative. They encourage the people to come to the savings banks when a mortgage loan is desired. This attitude on the part of savings banks has been particularly helpful to home owners and the experience of the home owner, as well as the experience of owners of many other types of real estate, has shown that a mortgage loan held by a mutual savings bank is most satisfactory. A savings bank always desires to be fair with the borrower — to charge a fair interest rate and to keep the expenses of obtaining a loan down to a minimum.

With a large amount of money to invest savings banks at times have gone into the market to buy mortgage loans. Many of these loans were purchased from companies whose business it was to lend money on mortgages and sell the loans to investors. Such companies deal in mortgages as a merchant does with a stock of goods. Mortgages are their merchandise. They have played an important part in the development of some communities, as they frequently make loans to builders, advancing money as their operation progresses.

Practices of this kind usually are not considered advisable for a savings bank, but these transactions have seemed proper for a mortgage company. When the typical loan was fully advanced upon the completion of the building it was offered for sale to investors. The savings banks and life insurance companies furnished the best market for these loans.

Many mortgage companies sold their mortgages guaranteed both as to principal and interest. They retained a share of their interest on the loan as a charge for the guarantee. For example, a mortgage bearing interest at 6 per cent would be sold to an investor to net $5\frac{1}{2}$ per cent, the mortgage company retaining the

differential of one-half of one per cent and for this charge servicing the mortgage; that is, the mortgage company continued to collect the interest from the borrower, followed up payments of taxes, saw that adequate fire insurance was maintained, reinspected the building which was covered by the mortgage to see that its physical condition remained unimpaired. These were valuable services and the mortgage companies were entitled to their remuneration.

After conducting a business of this type successfully for many years, the economic depression brought about sudden changes. As mortgages matured investors wanted their money. The mortgage guarantee company could not collect the mortgages. Owners of property found it difficult to pay interest when due but the mortgage company was expected to pay promptly. The result has been the disintegration of those companies which not only granted mortgages but sold them guaranteed.

Many large mortgages made by mortgage guarantee companies were not sold to one investor. They were divided into shares or certificates in varying amounts and sold to a large number of investors. For example, a mortgage of say \$1,000,000 might be sold to 1,000 individuals and corporations in pieces of \$1,000 each. Thrift people of all classes bought these certificates. The record of the guarantee companies had been satisfactory. A first mortgage on real estate in a large city was considered an excellent investment. Mortgage certificate issues running into hundreds of millions of dollars were sold in and around the City of New York. A large proportion of these certificated mortgages have come to grief. They are being reorganized; interest rates lowered, principal maturities being extended. Gradually, but with difficulty, the trouble is being cleared. It will take a long time, however, to clear up all the difficulties and reform and renew all of the mortgage loan securing certificates. The lure of a mortgage certificate for investment for an individual was considerable in that it paid a larger rate of interest. Many of these individuals realize now that it would have been better to have kept their savings in a mutual savings bank even at a lower rate of interest and had the mutual institution invest the accumulation of the savings of many individuals in the purchase of the entire mortgage. Perhaps mortgages will be sold in small pieces in the future. We believe, however, that it will be difficult to convince many of this generation of investors again to so invest their savings.

Another type of mortgage investment that has resulted in considerable loss is known as the mortgage bond. There are a

number of large mortgage bond houses in the United States. These houses, in taking a mortgage, had the owner corporation issue a series of bonds in small denominations secured by a mortgage on the real estate, said mortgage being held by a trustee. It therefore was a trust mortgage securing a bond issue. The investment house making the loan marketed the bonds. The house marketed them usually at about par but paid for them at a considerably lower price, the difference, or discount, paying operating and selling expenses and yielding a profit.

These mortgage bonds found favor with the public quickly; the business expanded rapidly. Many large structures were financed by mortgage bonds. With the shrinkage of rents and values, however, hundreds, if not thousands, of these bond issues became in default. Trustees, reorganization committees and others are attempting to bring order out of the chaos that resulted. Here is a type of investment that offered the small saver a larger rate of interest but which has not turned out to his advantage.

Savings banks have not invested in mortgage certificates or in mortgage bonds. Many banks, perhaps most of them, are not permitted by law to take this type of investment. They therefore are free of this particular annoyance at the present time. They are sympathetic to the plight of these investors and will do all they can to help them recover on their investments. Persons who put their money in mortgages slowly have come to realize that a mortgage really is a frozen investment which does not readily turn into cash. It has no ready market; the owner of the property is unable to pay when it becomes due. Savings Banks are realizing, however, that mortgages must be made on a more conservative basis for a lower percentage of the value of the property. These values should not be over-estimated or the rental income over-capitalized. They believe, too, experience has taught that all mortgage loans should be reduced by amortization payment during the life of the loan.

The Home Owners Loan Corporation has been in the field for some time. This is an agency of the United States Government. It is making loans to distressed home owners. Its operations have resulted in paying existing mortgages, many of which have been in default. The existing mortgage is not paid in cash; the mortgagee has to agree to take Home Owners Loan Corporation Bonds. These bonds first were issued at 4 per cent, then at 3 per cent and lately at 2 3/4 per cent. However, to a mortgagee who was unable to collect his mortgage the bonds offer ready escape. Bonds are taken when the government agency makes

the loan and are cashed in the market frequently at a discount. However, the final result is that the owner's property is refinanced and the unhappy holder of a mortgage realizes in cash a large part of his investment.

The fact that there has been little building and some recovery in business has strengthened rents and improved rental conditions of many properties. This all inures to the benefit of the mortgagee. We have every reason to believe that the mortgage will be the most profitable investment for the mutual savings bank in years to come. We do not see, however, how it would be possible for the guarantee companies to operate in the future as they have in the past. Any guarantee will be on a modified plan.

The Savings Banks' Rate of Interest Policy

by PHILIP A. BENSON

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Secure and profitable outlets for capital have been scarce in the United States, in common with other countries. Since the first tenet of mutual savings bank policy always must be security, such institutions have encountered even more difficulty than other types of banks in procuring satisfactory investments. The importance of this stringency will be realized when it is remembered that the mutuals of the United States, operating in 18 of the 48 states, hold about one-fourth of American bank deposits.

State laws in most states restrict the character of savings bank investments. Broadly speaking these are of two general classes: mortgage loans on real estate, and bonds issued by governmental bodies or by corporations. The largest single investment is the real estate mortgage. A little more than half of the resources of mutual savings banks is invested in this type of security. A large part of the remainder of resources is invested in bonds of the United States Government, of the several states, of municipalities within the states, of railroads and of public utility companies. There is a fairly large amount carried in cash or on deposit with correspondent banks and there is another amount, not large in size, invested in bank buildings.

The tendency of interest rates on mortgage loans has been downward. The reason for this is that earnings of real estate from rents have decreased because of prevailing economic conditions. Wages and salaries paid to home owners have been smaller. With decreased income, owners of real estate have been obliged to ask for reductions in interest rates. Furthermore, investors

in mortgages have learned that in the long run they cannot collect in interest a greater rate of return than the property produces. The rate of interest on government loans steadily has been growing less and the return on high class corporation bonds also is decreasing. New money placed on deposit, or accumulated through interest on investments and by payment of principal of investments, has been difficult to invest or reinvest at anything but a low rate.

These considerations have tended steadily to decrease dividend rates to depositors. The high point of average for the United States seems to have been in the years 1930 and 1931 when it was more than $4\frac{1}{2}$ per cent. These rates reflected the demand for money and the large earnings that savings banks were able to make. The rate of $4\frac{1}{2}$ per cent or more was abnormal, however. For many years a number of the large savings banks of the country paid depositors 4 percent; a few paid more and some paid less, but 4 percent could have been considered a fair average.

Since 1931 the average rate has been steadily downward. The prevailing rate in the State of New York, which state has the largest amount of savings bank deposits, is 3 per cent. It probably will go lower. The banks of Massachusetts pay on the average a slightly higher rate but the outlook is for a reduction in that state, also.

The expectation for the near future is that high class investments will be scarce, interest rates lower and opportunities for profitable investment will not materially improve.

The record of earnings of mutual savings banks in the United States may be illustrated by the fact that in the last 39 years the annual earnings of Massachusetts savings banks have been a fraction more than five percent (5.056 to be exact). Throughout this period dividends averaged a little better than four percent (4.167). The entire cost of operating all of the savings banks of the Commonwealth, plus regular additions to guaranty funds, was less than one percent (.889) of deposits for the same length of time. In 118 years of operation the state's mutual institutions have paid earnings to depositors far exceeding the funds in their hands at any one time. During 1933 dividends amounted to \$65,000,000.

The movement of dividend rates in recent years may be seen in the following tables, compiled by the National Association of Mutual Savings Banks.

AVERAGE DIVIDEND RATE PAID BY MUTUAL SAVINGS BANKS

STATE	1/1/29 %	1/1/30 %	1/1/31 %	1/1/32 %	1/1/33 %	7/1/33 %	1/1/34 %	7/1/34 %
California	4.00	4.00	4.25	3.75	3.50	3.50	3.00	3.00
Connecticut	4.64	4.93	4.98	4.75	4.22	3.92	3.84	3.80
Delaware	4.00	4.50	4.50	4.50	4.00	4.00	4.00	3.50
Indiana	4.20	4.20	4.15	3.90	3.50	3.44	3.20	2.85
Maine	4.01	4.06	4.28	4.06	4.00	3.58	3.15	2.99
Maryland	4.11	4.21	4.29	3.96	3.54	3.11	3.08	3.00
Massachusetts	4.698	4.84	4.88	4.58	4.14	3.57	3.45	3.37
Minnesota	3.67	3.50	3.50	3.25	3.50	3.00	3.00	2.50
New Hampshire	4.217	4.29	4.36	4.25	3.78	3.625	3.36	3.32
New Jersey	4.20	4.29	4.28	4.11	3.79	3.39	3.09	2.96
New York	4.405	4.43	4.37	4.05	3.69	3.24	3.03	2.99
Ohio	4.00	4.00	4.08	3.66	3.67	3.50	3.33	3.00
Oregon	—	—	—	—	4.00	4.00	4.00	3.00
Pennsylvania	3.99	4.08	4.02	4.06	3.61	3.40	3.16	2.96
Rhode Island	4.64	4.47	4.53	4.35	3.90	3.50	3.28	3.28
Vermont	4.25	4.18	4.20	3.59	3.45	2.95	2.89	2.76
Washington	4.90	4.875	4.75	4.50	4.00	3.50	3.00	3.00
Wisconsin	3.80	3.83	3.83	3.80	3.25	3.00	2.75	2.375
UNITED STATES .	4.46	4.56	4.59	4.32	3.94	3.50	3.31	3.24

Savings and Life Insurance

by CARL M. SPENCER

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It is a well understood fact that life insurance is one form of savings, but it remained for the Commonwealth of Massachusetts, more than 25 years ago, to pass an Act permitting Massachusetts mutual savings banks to write life insurance policies. In the years since 1907, when the law was passed, the success of the movement has been amply demonstrated; throughout the depression savings bank life insurance has experienced steady growth.

Savings bank life insurance, as operated in Massachusetts, is not state insurance, the state's participation in it consisting of careful supervisory and administrative control in order to secure uniformity of rates and procedure throughout all branches of the system.

The idea spread slowly. At the end of the first year of operation there was about \$1,000,000 of business in force. There was some difficulty in bringing the system to the attention of the public, because the Savings Banks Life Insurance Law forbids the insurance department of a savings bank to employ solicitors. Some employers of labor, however, cooperated, and not only permitted their employes to have the insurance premiums deducted from the pay envelopes, but also employed "Instructors" to go into the factories and explain the advantages of the system to workers and show them how to make application for insurance.

During the early years of the experiment, savings bank men were slow to identify themselves with the plan, but as the community came to adopt the viewpoint that life insurance is only another form of saving, the savings banks have gradually freed themselves from the old-fashioned conservatism that kept them from adopting the new idea, and at the present time there are identified with the system 110 savings banks, in addition to 20 trust companies and national banks, thus making a total of 130

banks. Twenty-one of the savings banks have become insurance carriers.

The Massachusetts system is surrounded with several restrictions in the interest of policyholders, including the following:

The insurance departments of the savings banks may not employ solicitors.

No bank may write more than \$1,000 insurance on any one life.

Only residents of Massachusetts or persons regularly employed in the state may be insured.

Policyholders must share annually in the net profits of the business.

The mortality experience in all banks is unified at the end of each year.

The seven trustees appointed by the Governor to have administrative control of the system must serve without compensation.

Only such policies may be written by the banks as are prepared by the State Actuary for Savings Bank Life Insurance, and only at rates fixed by the same official, who is employed by the Commonwealth and over whom the savings and insurance banks have no jurisdiction whatever.

The insurance departments of the savings banks are under the joint supervision of the Commissioner of Insurance and the Commissioner of Banks.

All life and endowment policies must guarantee to the policyholder a cash surrender value after premiums have been paid for six months or more.

Applicants are required to pass a medical examination, made by a physician selected by the "State Medical Director". The insurance department of the savings bank pays the fees of the examining physicians, of whom there are now 288.

In the practical operation of the system, the premium for \$21,000 life insurance, and for \$4,200 annuity, is distributed among the 21 insurance banks, in this way tending to avoid concentration of quick capital in the hands of a single institution. Other provisions of the savings bank insurance law conduce to the same end. For example, the insurance department of a savings bank may not accumulate a surplus to an amount above 10 per cent of its legal reserves. The law requires that all of the net profits each year shall be distributed to policyholders excepting only such amounts as are by law required or permitted to be set aside to surplus.

At the close of the last fiscal year, October 31, 1933, the legal reserve amounted to \$12,736,686. During the four depres-

sion years ended on that date, the legal reserve in the insurance departments of the savings banks had increased 72 per cent.

The surplus fund on the same date amounted to \$1,198,000 which, during the same four years, represented an increase of 53 per cent. The same report showed the amount of insurance in force at \$93,000,000 or a net increase during the four depression years of almost \$26,000,000. This total amount of insurance represented 104,786 policies.

For the first year in its 25 years of existence, the system in 1933 surpassed all insurance companies doing business. The net gain in Savings Bank Life Insurance of 1933 over 1932 was \$2,843,797, approximately \$380,000 higher than that of its nearest competitor.

By reason of the fact that savings bank life insurance is sold at a net cost considerably less than that charged for similar protection by the insurance companies, it is clear that savings bank life insurance is fulfilling the purpose of its founders, supplying insurance protection at minimum cost. For example, under the savings bank plan the net cost at age 35 of \$1,000 straight life insurance over a period of 20 years is almost 26 per cent less on the average than the premiums charged by the life insurance companies.

The story of savings bank life insurance reads like a real romance of economic democracy. The conception and inspiration to overcome early trials may be accredited to one man — Louis D. Brandeis, now Associate Justice of the Supreme Court of the United States. Mr. Brandeis, then a well known figure at the Massachusetts bar, became convinced that the cost of insurance to the average man was too high, particularly "industrial insurance" paid in small weekly premiums. At various times he expressed the further conviction that the big concentrations of capital represented by insurance companies were contrary to public interest. He concluded that the mutual savings banks of Massachusetts were the logical institutions to issue mutual insurance, in the strictest sense.

The spring session of the Legislature of 1906 appointed a recess committee to consider insurance matters at large. Justice Brandeis presented his plan, which aroused a storm that has not entirely subsided. But notwithstanding objections and difficulties, and after many heated debates, the plan was recommended for passage. It was enacted into law in June of 1907 and went into practical operation the next year.

From whatever point of view Savings Bank Life Insurance may be considered, the plan seems eminently satisfactory.

long practice and detailed analysis of the bases of the calculations allow of an accurate estimation of the value of these trials.

A certain combination of saving and life insurance has also been launched by the German Building Societies. In this combination the capital insured is fixed beforehand.

The author of the report is of the belief that co-operation between Savings Banks and life insurance institutions creates great possibilities of development.

Massachusetts (U.S.A.). Mr. Carl M. Spencer speaks to us of the insurance activity of the Savings Banks of the State of Massachusetts.

The Savings Banks of Massachusetts began their insurance activity in 1907 under the supervision of the State, which consisted in administrative control in order to secure uniformity of rates. All Savings Banks have not been dealing with insurance since the beginning. The number of Savings Banks dealing with it today is 110, of which 21 are run as independent insurance institutions. Despite the prohibition of the use of agents, the life insurance carried on by these Savings Banks enjoys great popularity on account of the modest figure of their premiums, which are not calculated for making profits and are not heavily loaded with management and canvassing expenses, as is the case with private concerns.

The author shares the opinion of Judge Brandeis, initiator of the insurance activity of the Massachusetts Savings Banks, according to whom the Savings Banks are the most qualified for propagating popular insurance. The brilliant results obtained in Massachusetts are the best argument of the partisans of this system, which seems to be of great value in all respects.

Spain. Mr. Fr. Ruiz de Diego reserves large space in his work for a thorough analysis of the elements of saving and life insurance, which he defines as saving of the second (higher) degree.

The Savings Banks in Spain have taken the first steps to enable the less fortunate classes of society to take advantage of the beneficial arrangement afforded by life insurance. In 1908 there was founded under the auspices of the State the National Provident Institute, which bases its activity in the sphere of social insurance on co-operation with the Savings Banks. The author opines that the Savings Banks can successfully deal with the propagation of popular insurance in addition to ordinary saving. As the Savings Banks do not aim at making profits, they can offer exceptionally low premiums. Reinsurance could

School Savings

by JOHN W. SANDSTEDT

Executive Secretary of the National Association of Mutual Savings Banks, New York.

School savings in the United States have undergone vicissitudes during the last two or three years. Although reliable figures of a recent date cannot be had at this time, it is known that the volume and amount have fallen off sharply. The causes are not hard to find and fall into three classes. First in order was the reduced amount of money available for children of all ages; secondly, the necessity to withdraw their funds or at least to cut down their deposits; thirdly, a loss of interest by banking institutions, in the face of grave problems.

At present school savings are marking time. They passed the peak about three years ago and it cannot be said that the outlook is over bright. As a matter of operation many banks have found school savings departments not only unprofitable but troublesome. Yet there are numerous instances where the good effects of school savings outweigh other considerations. The educational value is well recognized and the creation of good will of importance.

Coupled to these various phases of the matter is a somewhat general dislike of school savings among teachers, who usually have to perform a part of the work incident to such departments, and in any case must oversee it; perhaps impart instruction upon the subject. Since school staffs have been curtailed in the period of deflation and the burden of work increased, some teachers look upon school savings as something of a nuisance.

What has happened in the last five years in the school savings field is illustrated by a summary compiled by the American Bankers Association. For the year ending June 30, 1929, a total of 4,222,935 children in 14,254 schools deposited \$28,672,496 through school savings. The next year a slightly greater number of pupils in a larger number of schools deposited \$29,113,063.

A decline set in during the year ending June 30, 1931, when the total amount deposited was \$25,977,216. Four million four hundred and eighty-two thousand, six hundred and thirty-four children participated, a smaller number than in the previous year, but a greater number than in the year ending June 30, 1929.

In the year ending June 30, 1932, 3,106,510 children in 12,686 schools deposited \$17,680,364, withdrawals exceeding deposits by \$2,926,902. In the following year, 3,080,685 pupils in 10,890 schools deposited \$10,332,569, but deposits were less than withdrawals by \$2,315,252. For the 12 months ended June 30, 1934, only 2,802,899 children in 9,471 schools saved \$10,727,505. It is encouraging to note, however, that deposits exceeded withdrawals by the sum of \$1,375,307.

Two of the largest savings banks in the country — the Philadelphia Saving Fund Society and the Bowery Savings Bank, New York, — are doing a remarkable work in teaching the younger generation the benefits of thrift. In the former institution school savings has been one of the bank's regular departments for ten years. When matters were under discussion numerous objections to the plan were presented, according to Agnes Roberts Martin, now connected with the work. The vast school population was or was not to be invited to share in the safety and earning possibilities of the century-old institution.

"Once invited", Miss Martin continued, "the child must receive every consideration shown a grown-up depositor. There would be the task of teaching him why he should save and how to save. His sponsor at home as well as in the schools would require teaching, too, for the financial depression of 1921 had not been sufficiently acute to make a lasting impression upon the people. High salaries with plenty of money to spend was the cry of the day. The school board itself required convincing knowledge."

"Arguments in favor of the work, of course, were soundly convincing, but since they would never, from a financial standpoint, be written in anything but red ink, it was not an easy matter to present them."

"At the end of its first quarterly period of effort, the school bank with its one small room and its five employees added to the 1923 annual report one High School account with 118 depositors and a deposit balance of \$810.84. This one school has grown into 88 schools — parochial, junior and senior public High Schools, and community and neighborhood houses. The 118 depositors have become more than 107,000 depositors. The \$810 has grown into \$666,000."

"There is, however, another result far more gratifying. The benefits to child or bank never must be thought of as entirely material. Present policies of the Society are keeping alive the spirit of its founders — to enable the industrious and economical of all descriptions to provide in youth for the increased expenses of advanced life; for the advantage of all those whose frugality will procure for them something — however small — beyond their wants, and thus to promote industry, temperance and morality the Saving Fund Society has been established."

"It is this policy which explains why the oldest savings bank in America extends to the work of school savings and its many problems the patient tolerance and understanding wisdom which are the properties of its venerable age; the Society is convinced that here is an undertaking, the real and permanent value of which can be measured only with the lapse of years."

To forward its work in teaching the principles of thrift to the younger generation, the Bowery Savings Bank issues a Junior Money Book. Prepared especially for children, it is convenient in size, $5\frac{1}{2}$ by $7\frac{1}{2}$ inches, easy for them to handle, and ruled into recording spaces large enough for scrawling childish figures.

It was realized, in fairness to the child, that in order to use the Money Book there must be some cooperation with parents or guardians, so that there may be regularity in the payment of the allowance to be budgeted.

The amount, according to Adeline E. Leiser, director of the Budget Advisory Department, should be sufficient to cover such needs as the child will be expected to take care of, but of equal importance should be the complete freedom to use it, without definite directions, in order that the real benefit of the training may be experienced.

The first part of the book consists of a Spending Plan Sheet which is ruled off into three divisions headed "for saving — for spending — and for sharing". Thus the child will get a well-rounded sense of balanced living.

Where school savings are in operation there is no problem of what to do with the money set aside first of all for savings. Without this cooperative undertaking it is necessary to have a bank at home or for parents to act as temporary bankers.

Incidental school supplies, lunches, candy, sodas, car fares, movies, trips, hikes and camp expenses are listed as items for consideration in varying degrees of importance to the child as he develops. Beginning with a few items, as the judgment of the child improves and needs develop, he or she ought to be en-

trusted with an increased allowance that will eventually cover cost of clothing and other more expensive needs.

Orderliness, benevolence, forethought, courage, cooperation, preservation, investment, application and waste in turn are defined in a way that it is hoped will appeal to the youth of today.

The efforts described in these two institutions are but several examples of similar work being forwarded in numerous other mutual institutions. There can be no doubt as to the worth of school savings. It is not too much to hope that, as the youth of the land learn lessons of thrift early, they may be spared some of the lessons of the present depression which have been borne in on their elders.

Poland (1) and experiments are also being made in Great Britain by the Post Office Savings Banks and the National Savings Committee.

Thrift maxims on writing pads, calendars and other school equipment are advocated by some countries.

Some pecuniary inducement to thrift has been found to have its value in some countries. In France pass-books are sometimes issued with an initial deposit to those who have done well at school. In Finland a system under which a Bank makes a deposit of 10 marks for each pupil promising also to give 10 marks to every child who adds 26 marks to his savings account has been introduced. Prizes or bonuses are also given in other countries either for those who show a steady progress of saving or as a reward for essays on thrift or special competitions organised by the Banks.

An interesting and original experiment in teaching the principles of thrift to the younger generation is that of the Bowery Savings Bank, which issues a special money book in which the children can show under three headings the amount of their pocket money devoted (a) to saving, (b) to spending and (c) to sharing.

Finally it transpires from the reports that World Thrift Day is playing an increasingly useful part in drawing the attention of both teachers and children to the importance of thrift. The ways in which this is done are too numerous to catalogue and have already been referred to elsewhere (2). It may not be inappropriate to end by emphasising the fact to which Mr. Thomas Henderson draws attention in his report - that thrift in connection with school savings must be considered in its widest aspect and must be taught not merely in its practical form by means of school banks but through the medium of literature, history, domestic science and moral instruction.

(1) Also the Savings Banks of Germany, Czechoslovakia, Sweden and the Northern Countries, Switzerland, Holland and Dutch East Indies (Batavia) often make large use of educational films for their propaganda in the schools. (Note by I.T.I.).

(2) Cf. the Review of the International Thrift Institute "World Thrift" No. 1/1926 - 4/1928 - 5/1929 - 6/1930 - 6/1931 - 5/1932 and No. 2/1933 of "From the Studies and Work". (Note by the I.T.I.).