THE EDUCATIONAL ASPECTS OF SAVING.

In the modern trend of thought towards social meliorism there lurks a danger of impractical transcendentalism. An abounding faith in the unfolding potentialities of the human kind — where adequate room is afforded — is always in danger of developing an ultra-rational program. The faith in humanity which may be relied upon to remove mountains of social ills is that which recognizes both its unfolding capacity and its limitations. This modern winged optimism has very considerably influenced economic thinking and writing, even exceeding a mere change of emphasis.

For example, it has become fashionable to ridicule the "economic man"; that is, the ideal man who is always amenable to economic forces. It has also become fashionable to treat the Ricardian theory of wages with a superior contempt, and to refer to it as an exploded doctrine, the "normal" or "subsistence minimum" wage being treated as a phantom of the imagination,—the ghost of an ingenious theory which was never embodied in reality. The Malthusian doctrine of population has come into such bad favor as almost to amount to a renaissance of Godwin and Condorcet Utopianism. Following in this general trend away from the ground occupied by the classical economists, Adam Smith’s deification of the laws of competition has been succeeded by an equally blind hostility.

Admitting the extremes to which these old landmark doctrines were carried, and recognizing the harmfulness of such doctrinal ideality, it may be a question if the extreme reaction is not the most vicious fruit they have borne. It seems, at least to the writer, that the neglect of the essential truths of these old doctrines is calculated to sap the
strength both from theoretical and institutional economics. It tends to substitute for the science of economics a sort of Utopian meliorism. The advent of the melioristic spirit is opportune, and the present epoch offers it a very large world to conquer; but a successful meliorism needs most of all to be well ballasted with some of the principles which are now passing out of favor.

The idea of the antiquation or explosion of well-matured principles should not be allowed to pass unchallenged. The notion that great thinkers, like Smith, Malthus, and Ricardo, serve only their own day and generation, is both unscientific and unhistorical. Doctrines in economics are peculiarly ill fitted for revolutionary abandonment, and such a treatment of them would necessarily be attended by great disasters. Economic theories, like doctrines of law, are in a sense immortal. They are not abandoned, but modified and adapted to changing conditions. It may even be said that well-established doctrines are but seldom exploded. A capricious notion may be exploded before it has fairly taken root in the thought of men, but well-rooted doctrines are seldom destroyed by the dynamite process. It may also be said that the well-rooted doctrines seldom fail to be of service, both in the day of their birth and in succeeding generations, even though they may completely metamorphose their character.

There is certainly still a service for the more important doctrines of the classical economists. It may not be going too far to say that to neglect them is to neglect the foundations of social progress. Some of them are fundamentally essential to the strength of economic thought, to a proper shaping of the growth of the state through legislation, and to the development of the best schemes for the education of the individual citizen. The "economic man" does not stand for the whole of any individual man, but he represents a phase of the nature of every normal man. Other sentiments and motives than the economic control or
modify the actions of men. But to leave out of account the goad of unsatisfied economic wants, to leave out of account the motives of aquisitiveness, and to leave out of account the social and industrial services rendered by these forces is to neglect the most elementary phenomena of human life.

Competition never possessed the social and industrial potentialities claimed for it by Adam Smith. The formulation of his claims for competition, however, impressed the public consciousness with its essential truths and created conditions for its salutary application; and the industrial revolution can perhaps best be studied with the *Wealth of Nations* as a starting-point.

Similarly, to leave out of account the tendency of the stream of population to overflow its banks — for people to increase in number more rapidly than nature can respond to their physical needs — is to neglect a force with which almost all meliorative schemes must reckon. Directly correlated to the Malthusian law of population is Ricardo's theory of a minimum of subsistence wage. The force of an increasing population, according to it, always tends to glut the labor market and drive wages to that standard of living where labor may precariously subsist and hold its own; not so precariously as to cause a deterioration in numbers nor so securely as to allow any increase in its number. Another downward-impelling force, similar in its effects to that with which Ricardo's name is associated, is the introduction of labor-displacing machinery. The two forces are identical in their effect upon labor, in that they both intensify the competition for wage service,— the one by increasing the number of applicants for positions, and the other by diminishing the number of positions. The forcing-downward tendency has been arrested by the play of other forces, but it has never been resisted without a struggle. If the contest is to continue to be successful, it is all-important that the initial force be kept distinctly in
mind. We seem in no way of escaping from the following order of sequences: a tendency to early marriages and large families; a keener competition for wage service; a lower standard of living, suffering and misery. Nor are we likely for a long time to be rid of the same distresses resulting from the introduction of labor-saving machinery. Neither is this order by any means universally defeated. Hence it is all-important that meliorative schemes take the first cause—early and inconsiderate marriages—sternly into account. If this root cause can be avoided, the other evils will at least be mitigated. This is the great problem of education.

The surest way to stem the stream of social and industrial ills is to stimulate aspirations for a high degree of comfort,—for a high standard of living,—and to formulate a concrete, intelligible scheme for its attainment. A recognition of this need will suggest practical lines of educational work.

We speak of education preparing children for the battles of life. If they are really to be prepared for the battles of life, their education should both instruct them as to the character of life's battles and fortify them with definite schemes against their reverses. Here the "economic man" serves very well as a basis for mapping out educational programs. By a careful study of this manikin, the weak points in the real man may be definitely located, and an effective treatment may be devised.

Many of our meliorative schemes are likely to prove Utopian in the place where their exploiters have left them. The present meliorative movement might be described as a demand for larger opportunities for individual development, with proper developmental facilities. The two sides to the program are: more leisure time on the one hand, and inducements to healthful employment of that leisure on the other. The facilities which are expected to induce a healthful use of the greater leisure include such agencies
as free public libraries, free art collections, free public lectures, ample park and garden facilities, and, perhaps, free public concerts and operas.

These culture influences, to be provided either by the public economy or by private philanthropy for the use of the public, are expected to react upon the domestic economy. They are expected to create a hunger and thirst for culture, which will transform the home. Such schemes are Utopian in the place where they are left, because they offer wings—that is, imagination—that is, practical methods—are needed. The individualizing process at which education aims consists not in beholding the culture material out of which individual character may be wrought, but it consists in developing a capacity to appropriate and use that material by the individual. Here we locate the economic basis of culture.

In this day the individual discovers himself and realizes himself in the lines of expenditure. Productive processes are becoming more and more deindividualizing, and, therefore, non-cultural; social progress demands that the expenditure of income be as individualizing as possible. The last-century artisan unfolded his character in the quality and the quantity of his work. The nineteenth and the twentieth century artisan must unfold his character in the way in which he spends his money. The person becomes individual and economically strong as he comes to appropriate culture for his private use. As culture creates a strong demand for the things which call out the individual from the mass, it tends to defeat the Malthusian law of population and to set at naught the Ricardian law of wages. If picture galleries are to raise the standard of living, they must influence the individual expenditure of the artisan. It need not be in creating a demand for pictures in the home, but it must create a sense of the aesthetic which will be reflected in the architecture and furnishings of the home, or in the dress of the family, or in the flowers in the
The sense of the beautiful may find expression in large or small groups of expenditure, but the success of the culture institutions must be tested by such expenditures. The present thesis is that the love of the beautiful must not find its complete satisfaction in the facilities provided for the use of the public. Otherwise the object is not gained: the individual will less frequently, and with greater difficulty, emerge from the mass. It will be more difficult than ever for the economic individual to emerge.

Public or municipal ownership of cultural property is sometimes called a form of co-operation. The people agree to purchase and use pictures and books in common, or provide music and the drama in common, or provide educational facilities on the co-operative plan,—on the principle that they secure a better service in that way. It is an idea which is taking deep root, and promises a thrifty growth in the future. It must be noted, however, that, in so far as dependence for culture influences turns from the home to the city, the economic individual has been drained of his strength. The capacity of the city through such agencies to lift the people to a higher plane consists, not in satisfying desires, but in quickening desires which the individual himself must find means to satisfy. The sum total of human happiness may be increased for the time by municipal provision for the satisfaction of wants; but, if that is the end, it will result in weakening the power of the individual by neglecting the standard of home comforts. It can hardly be said that the priceless art treasures of Italy, which belong to the people, bring them to a higher plane of living. The highest art and the most wretched squalor are the closest neighbors.

In proportion as the city satisfies wants, may it be said to open the way for the baleful operation of the Malthusian law of population and for the operation of the Ricardian law of wages. Thus the city, in attempting to build up the culture of the community, may undermine
the power of the individual to realize himself, and thus defeat the chief end of culture. There is no quarrel here with municipal patronage of culture. It is simply sought to indicate a danger from such a policy if certain economic forces, long ago discovered and still operative, are ignored. Against this danger it is the province of education to provide, and this brings us to a more detailed discussion of the economic functions of education.

A capacity to appropriate the better things of life is the test of economic strength. This capacity is likewise a test of the adaptiveness of a people to a meliorative scheme. Schemes for elevating the masses may fail utterly of their purpose unless there has been a previous development of character which is capable of wisely using the opportunities made available. An eight-hour law, for instance, might prove the ruin of a people unless there had been an adequate growth in moral restraint.

Therefore, we turn to education as essential to any solution of industrial problems. Illiteracy is an insuperable impediment to industrial reform. It is the general discipline and self-restraint imposed by the school-room which makes the citizen amenable to the correction of public opinion and which makes the workingman frugal and industrious.

Passing from this general truth to a closer analysis of the things which education has to overcome, we find chief among these the desire to satisfy immediate wants. The impulse to satisfy the wants which have to do with the physical senses is universal. The persons who yield to these desires — the gluttons, the drunkards, the prostitutes, the classes whom we call degenerates — have simply gravitated in the direction of their primary sensual appetites. An uncurbed appetite for sugar and sweetmeats belongs to the same class of phenomena as an uncontrollable appetite for drink. Merely physical impulses are in control in both cases, the demands of the body keeping
the higher parts in abeyance. A rational discipline is essential to elevate the race out of this sensual state. An undisciplined and illiterate people is apt to be a licentious people. Education stands between the undeveloped child and such a fate. Education here may not mean a school training in the case of every individual, but some sort of kindred discipline is essential to a control of natural appetites; and in the extent of this control we have all the difference between a cultured and a savage people.

The general stages of educational discipline may be described as follows:—

First. Compulsory discipline without reason or explanation. The child first starts to school because it is sent, and it goes willingly because other children of the same age are going. The power of imitation is usually a sufficient impelling force. Children concentrate their minds and accomplish their tasks in spite of the universal inclination to run wild in the woods, because other children are doing the same thing; and this favorable environment is created by the suggestions of the teacher and parents. Extra diligence is induced by the hope of praise for work well done. There is no reason involved in any of the processes.

Second. In the second stage there is also no reason involved, but a new impulsive element has been evolved. At first there was no pleasure in the act of studying. It was a painful process, endured by force of example and for the reward of praise. After the discipline has continued sufficiently long, it ceases to be painful. In time the act of studying, of solving problems, of mastering the difficulties of penmanship, of learning to use the voice properly in reading and speaking or of learning new facts in science and history, become pleasures in themselves. The mind has developed a faculty for overcoming difficulties, and mental triumphs bring a joyous sense of exhilaration and a thrill of happiness. To the primary
impelling forces an attractive force of great intensity has been added.

Third. The third stage brings the pupil to a sense of general order and harmony which might be described as respectability. Education has made a good citizen because it has evolved a sensitiveness to order, because senses have been quickened which would be shocked by excessive or indecent indulgences of physical wants. At this point we note the union between the economic and the moral, or we find the economic serving as the handmaiden of the moral. The demand for order and harmony includes obedience to the accepted laws and canons of righteous living as prescribed by the best tone of the community.

In order to realize order, to experience harmonious living, certain economic auxiliaries must be realized. The sense of order which makes for respectability will despise the hovel, or tolerate it only until a more pleasing habitation can be realized. This sense of order which makes for respectability will abhor the ragged coat and the shoes run down at the heel. A person thoroughly imbued with the sense of order and harmony will chafe and be miserable in an unsightly garb. The sense of order which makes for respectability will never be satisfied with the pictures and ornaments which have been brought into the home until the highest reaches of art have been touched. Thus the sense of order, of harmony, as it grows in the individual, makes ever-heavier drafts upon the economic resources. The realization of order and harmony calls for greater industry and larger sacrifices of immediate sensual desires.

This sense of order has its positive and its negative side. On its negative side we observe the things which shock the sense of proper conduct, such as vulgar displays of temper or conduct which outrages the religious sense. On the positive side we note the ambition to acquire those things which cater both to physical comfort and to the sense of the beautiful. It is this side which puts the economic ac-
activities into motion, which inspires to industry, thrift and economy.

The desire for greater comfort and objects of art is often abortive for want of a sufficient concreteness in educational methods. The desire for these things is felt, but the intellect has not grasped any clear and definitely formulated scheme for attaining them. Their attainment demands providence. Providence means a power of sacrificing a multitude of immediate wants, which are ever clamoring for all of one's income. Economic strength consists in the power to subdue these small wants, in order to realize more remote but greater satisfactions.

An ideal educational system will not only kindle a passion for order: it will formulate definite rules, and provide institutions expressly designed to facilitate the realization of order. Perhaps the most unfortunate and unhappy creature in the world is the man who has longings for order, but lacks the capacity to gratify his longings. The person who has implanted within him the love of the beautiful, but who has no power of appropriating beautiful things for himself, is a half-finished product of education. Such a man is pitifully weak and incomplete. The existence of many people of this type is proof of the incompleteness of our educational systems. These systems might be called brutally inadequate to human needs, in so far as they kindle proper desires without building the character for their satisfaction.

The two things essential to economic self-realization are making and saving. Lessons in making are more likely to be taught outside of school, but not so lessons in saving. A completed educational system will both inspire the pupil with a love of good things, and teach him how to obtain them through saving.

The savings-bank, when properly organized, is an educational rather than an economic institution. Although
it furnishes a safe place for the deposit of wages and small earnings and pays an interest to depositors, its chief design is to teach the art of saving. Since it represents a phase of education which is not amenable to compulsory methods, it must seek to reach a maximum of attractiveness. With this object in view the factors determining the success of a savings system are security of deposits, earning capacity of deposits, and locality of depositories.

The first requisite of success is perfect security of deposit. Insistence upon absolute security of deposits might be criticised as a hot-house method,—as forcing a growth which cannot endure the variations in the outside atmosphere. It might be said that the insecurity of temporal things is a fact which should be impressed upon the minds of every one; and it might be urged that implicit reliance upon an institution or upon a person tends to foster a spirit of dependence, and induces a helplessness to cope with the world. Against this it might be urged that it is the province of organized society to eliminate the elements of insecurity in so far as practicable. In lines of education the hot-house method can never be wholly discarded. Reliance upon the master and upon the educational institution are essential to the success of any educational scheme. In teaching lessons in saving, therefore, as great care should be exercised in providing a confidence-deserving savings institution as would be exercised in selecting a master with an education and equipment deserving of the confidence of the pupil. In view of the many grown people who are still children in the matter of spending their money, it is clear that they should receive every encouragement which a sense of perfect security will give.

As to the earning power of the deposits, the rule should be laid down that the deposits should be made to earn as large an interest sum as would be consistent with reasonable security. This point is not always insisted upon by
advocates of the savings-banks as a part of an educational scheme. It seems a great mistake. In proportion as the saving power is weak, should the pecuniary inducement to save be high. The very weak saver is not induced to save, in order to finally spend for a different class of goods. He does not classify his expenditures, but he has an ill-defined sense of few or many gross satisfactions. The greater amount of satisfactions, according to his present estimate of satisfactions, is the telling argument. He will reason that it is as well to spend your money as it comes in, and be sure of your enjoyments, as to practise self-denial for a period, and to have no greater satisfaction at the end than the sum of the enjoyments which he might have been having all the time. He might reason that it would even be better to spend as you go, because such a policy would save the pain involved in self-denial. There must be an appreciable addition to the sum of satisfactions in the hope of the weak saver, to induce him to sacrifice present wants. The greater this addition, the greater the success of the scheme. If the bank deposits could be made to earn for the depositor an interest rate of 10 per cent., it would be more than four times as effective an educator as a 3 per cent. rate. An extraordinary stimulant is required where the saving power is very weak.

Ideas current in America about legitimate investments of postal-savings deposits are liable partially to defeat the main object of the institution. Postal savings is itself a phase of state activity which impinges upon inherited prejudices as to the legitimate functions of the state. It could hardly find acceptance in America, except as an educational scheme. Great fear is entertained lest the government, in order to carry out the scheme, will have to do more or less of a banking, or money-lending, business. The ghost of laissez faire is greatly frightened at such a prospect. Hence there has sprung up in anticipation of the postal savings-bank an incipient doctrine as to legit-
imate and illegitimate investment of funds held in trust by the government. This incipient doctrine proscribes investments in personal or real estate securities, and prescribes government and state securities. The idea that a state savings system should deal only in state or other public securities will, if it prevails, keep the earnings of deposits below 3 per cent., while in America the rate should be 4 or 5 per cent. One could wish in the interest of social and industrial reform that so much of the old idea of the Physiocrats as to the legitimate sphere of state activity had not survived. A more hopeful doctrine might be borrowed from the practice of courts in interpreting statutes,—that the power of the courts to use whatever means may be necessary to make the law fully effective is assumed. The effectiveness of a reform measure should not be hampered by any doctrines as to the legitimate sphere of state activity. The adoption of a reform measure by the state should be the single issue; and, that settled, every provision should be made looking to its complete success. The first battle won, there should be no further hostages to laissez faire. This is the logical position, and it would be the best fighting position if the friends of the movement could only be made to see it.

Such a principle would dictate a policy as to investments having in view a large return to depositors. Following the approved policy of existing savings-banks in America, such loans would largely be on real estate security, which might average a gross interest of about 6 per cent. In the larger cities a pawn-shop feature might be added, which should yield about 10 per cent.*

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*Since 1840 the state pawn-shop system of Madrid, known by the name of "Mont-de-Pieté," which dates from 1702, has been joined to the savings-bank. Since then the two have been under state management as a single institution, entirely successful and self-supporting. Loans are made by the pawn department on deposit of jewels, diamonds, precious stones, linen articles of clothing, and government securities, at the remarkably low rate of 6 per cent. per annum. In other states and private pawn-shops the minimum interest rate is about 12 per cent. Notwithstanding this low rate the savings department...
The location of the savings-bank is a most important consideration. Here the success must largely depend upon the breadth of view. A centralized system has a great advantage over a local system, a state over a municipal system. The test here is not how large a per cent. of the population become patrons of the bank, but how extensively the most improvident classes have been reached. Improvidence becomes, to an extent, localized in a section of the country or in a community within the city. A backward section of a country is almost inevitably an improvident section. The backwardness is due in large measure to a low saving power. Capitalistic undertakings are scarce because the ratio between earning power and living expenditures tends to an equality. The redemption of the section demands that the lack of individual providence be made good by collective savings, that collective sacrifices afford the opportunity for capitalistic undertakings, and that the tutelage in savings train the individuals to become capitalists, to give direction to the facilities made available. The state can best discover these weak localities and supply the machinery for their redemption. They will never discover themselves. Thus a local system, like the German, will leave the backward sections of the country unprovided for. Or a voluntary system, like the present one in America, may only find a high development in three or four states, and in those states only in a few large cities. The post-office seems an ideal institution in this regard for accomplishing the purpose of the savings-bank. It reaches every rural community; and the more rural or backward the community, perhaps, is able to insure the depositors an interest rate of 4 per cent. per annum. A rate of 12 per cent. in America would prove a great boon to the deserving patrons of the pawn-shops, at the same time netting the bank about 10 per cent., and appreciably increasing the general interest-bearing power of the deposits. For fuller account of the Madrid system, see "Report on the System of Pawnbroking in Spain," by H. Drummond Wolff, in Reports from her Majesty's Representatives Abroad on the Systems of Pawnbroking in Various Countries (August, 1894).
the more intimately does it touch the life of its every individual. On the other hand, in localities where a discipline in saving is not so much needed, where there is no demand for postal savings (as where co-operative building associations are largely in use), the postal savings-bank may aid existing institutions by affording them a safe depository for their current funds without interfering with their general usefulness.

The same localizing tendency is found within the locality. Any city could be plotted with reference to the general degrees of the improvidence of the citizens. A scientific savings system within a city will extend its facilities not so much with reference to the amount of business as with reference to the amount of need of encouragement to save. It is more urgent that the savings collector should go from house to house explaining the advantages of saving accounts, and that well-appointed depositories should be located in communities where the people are strangers to the saving habit, than in communities where the people are well started in saving. In the latter class of communities the people will seek the savings-bank, in the former the savings-bank must seek the people. Here the advantage of a centralized philanthropic system is evident. As between the state government and the city government, it is reasonable to assume, and experience amply proves, that the city is more competent to minister to the needs of the different localities. The municipal savings-banks in both Germany and France (the latter in competition with the postal savings-bank) have beaten the best records of state savings systems in cultivating savings. Municipal systems for large cities seem to offer an excellent supplement to a state savings system organized in the spirit of an educational scheme. Objections to municipal savings-banks in America, however, may be valid until a more intelligent and vital municipal spirit has been aroused.
The above considerations are directed mainly to the education of adults in saving. The logical starting-place of savings-banks is the elementary schools. Savings-banks should above all be placed within the knowledge of children, and their methods and advantages should be explained to every child. This would be the surest way of bringing within reach the realization of the sense of order which culture creates. Savings-banks offer most attractive facilities for impressing youth with the value of providence. While the pupil is learning the advantages of sacrificing the small pleasures of the present for the greater pleasures of the future through his weekly investments in savings-bank credits, he is acquiring a new zest for the mastery of arithmetical sums and the rules of interest. In many ways it can be made to fit in and supplement the general curricula.

Providence is the faculty which there is most need to cultivate in the child. Education must instil into the thought of the child the character of property, the desirability of its lawful possession, and the means of acquiring it. Criminality largely flows from hazy conceptions of the character of property and proper methods of acquiring it. Education should enforce these things upon the minds of the young by the most simple and concrete methods. Children are like savages in their conception of property. Anyone who has watched the Indians at an agency, spending the money which they draw from the government, knows how aptly they represent the childhood of the race in the use of money.* While they are wretch-

* It is gratifying to see how clearly this weakness is recognized, and how intelligent a treatment is applied by the superintendent of the leading Indian school in America, as shown in the following extracts from a letter to the writer:

"We still use the savings-bank as an adjunct to our system of education, and it has grown and enlarged as the school has grown. We place equal emphasis on the earning. We require our students to earn and save.

"During the summer we place out in the country a very large proportion of our students. Just now we have out 406. They are all earning good wages in
edly clothed and housed, they will invest their money in bright tin boxes and Saratoga trunks.

The idea of school savings dates from 1834, when it was adopted in a communal school in Le Mans, France. The system was next established at Württemberg in 1846, and in Buda Pesth in 1866. The most active propaganda was commenced in Belgium in 1866 by Professor Laurent, of the University of Ghent, who travelled about the kingdom, going from school to school explaining the advantages of such an institution to educators and the people. As a result of his labors, about $800,000 was deposited by the children of the country by the close of 1891. The system has now been introduced into most of the countries in Europe.

France now leads the world in this department of education, thanks to the scientific methods and complete devotion of M. A. C. Marlaroe. He was deputed by his government to make a study of educational methods, with especial reference to economic instruction at the Vienna Exposition in 1873. He also visited the schools' savings-banks in Belgium, Germany, and England, and consulted with Professor Laurent and other authorities. The plan which he developed is now in use, under the protection of the government, throughout France. In 1892 there were 23,875 schools where children's savings were received, and through them 478,173 children kept savings accounts which reached the aggregate amount of 12,883,812 francs. A frequent mode of bestowing aid is to give to the children proportion to their ability. The earnings of the school year will probably exceed $25,000. We impress upon those who have charge of our students to teach them to save, to buy whatever may be necessary economically, and to buy with wisdom. We have a system of reports which keeps us informed in regard to each case, so that we can ourselves emphasize instructions. Students going out each make a contract, and part of that contract is to save.

"The banking system is in the school, but we use the local bank and $10,000 in 6 per cent. bonds. The bank pays 3 per cent. Our depositors number above 700, practically seven-eighths of our pupils. The others would be depositors, were they not too young to earn money or too recently arrived." From a letter from Captain R. H. Pratt, of the Tenth United States Cavalry, superintendent of the Carlisle Indian Industrial School at Carlisle, Pennsylvania.
dren of the poor a savings-bank account in lieu of money. Madame Carnot, wife of the French president, in 1888 distributed among four hundred of the poorest children in Paris savings-bank books, each containing a credit of ten francs.

The systems in use in Germany, Hungary, Russia, Switzerland, Denmark, Holland, and England, are commonly managed by private associations. In Italy the number of children depositors through the schools increased from 11,983 in 1876 to 65,062 in 1885, and to 102,882 in 1888; but there was a drop to 90,974 in 1890. The amounts of deposits for the same periods were 32,049 lire, 376,345 lire, and 496,564 and 382,674 lire. In Hungary the increase has been constant, starting with 2,621 pupils in 1876, and reaching 37,787 in 1890; and the total of deposits, which had started with only 13,337 gulden, had reached 113,264 gulden in 1886. In Germany in the year 1883 savings-banks in connection with 834 schools had 61,940 children patrons and deposits amounting to some 640,000 marks. Besides these there were about 50 other children's savings-banks. In 1892 there were 158 cities and 2,272 villages in the empire with facilities designed especially for youthful saving. They included 1,091 school savings-banks, with about 4,000 places of deposit, 1,821 Youths' Deposit Banks (Jugend Darlehmkassen), 19 confirmation banks, 336 pfennig savings-banks, and 100 Sunday-school savings-banks. There were in all 248,933 youthful patrons of these various institutions, and savings amounting to some 1.76 million marks.

A common scheme for encouraging small savings, adopted by the postal and other savings-banks, is the issuing of cards containing printed spaces for stamps. The depositor may invest his savings in postage-stamps of the denominations of a penny, ten centimes, and the like, and paste them in these spaces. When his card is filled, it contains an equivalent in stamps of the minimum de-
pos it which the bank will receive,—as a shilling, a franc, —and then it will be received as money. In England such blank cards can be had at all post-offices on application. In England, also, agents of the postal banks go to the school-houses to collect the children’s deposits, if such an arrangement be desired. In Italy the teacher may receive deposits from his pupils, and may obtain from the postal savings-bank a book in which the entire sum of deposits is credited from time to time, the teacher himself keeping the individual accounts of the pupils separate.

The matter seems to have first come into public notice in the United States in a paper read by Mr. John P. Townsend, of New York, before the American Social Science Association in 1876, and about the same time through articles for the press by Mr. T. S. Merrill, of Beloit. Mr. Merrill was instrumental in establishing a bank, founded on the result of his investigation in Europe, in the public schools of Beloit, which, however, only lasted five years. The next experiment in this direction was that of Captain R. H. Pratt, of the Tenth Cavalry, superintendent of the Carlisle Indian Industrial School.

An interesting experiment was that of Superintendent C. M. Carpenter in the public schools of Bloomington, Indiana. This was made to yield the depositors 10 per cent. interest by operating in connection with a local building association. The money from the different grades was placed in envelopes, and these were taken to the Workmen’s Building & Loan Fund and Savings Association. The school was carrying 100 shares of running stock, for which it paid $25 dollars weekly. The balance of the deposit was applied to the purchase of paid-up stock bearing 6 per cent. interest. This high rate was due to a number of causes. Being conducted on the co-operative principle, there were no salaried officers and scarcely any expense of any kind. Interest was only paid on even dollars; and deposits were not paid interest from
the date of deposit, but interest began to run from the last Monday in the month. Out of 1,100 pupils in 1898, 650 were depositors. The average weekly deposit for the school was $47.17, and the average weekly withdrawal was $13.81. The subsequent history of the experiment shows how essential it is to have teachers aroused to the importance of such an institution. On the removal of Superintendent Carpenter, who was the organizer and manager, all the deposits were soon withdrawn because his successor took no interest in it.

The present development of school savings in this country is due largely to the enthusiasm and untiring efforts of Mr. J. T. Thiry, of Long Island City, and of Sarah Louisa Oberholzer, of Norristown, Pennsylvania. Mr. Thiry, who is a native of France, came to this country a few years ago for his health, and has since proven himself an invaluable citizen. While serving as school commissioner in Long Island City in 1885, he introduced the savings system into the city schools; and he is still a tireless worker for school savings. The spirit and method of this work in America are best described in Mr. Thiry’s own words: —

Here, then, is the field, the inspiration, and the aim of the school banking system. It takes the principles of frugality and thrift down into the training-ground of the young,—the public schools,—and confirms them in those habits upon which success in their future struggles for competence will depend. By so doing it fosters the morals, for a better manhood is inseparable from a frugal life. Thus school banking is in thorough harmony with the school; for, as the school aims at making a good citizen, so likewise does school banking. It is an object-lesson in political economy, and is of telling import when the pupil at last crosses the line which divides the worlds of business and study. The practical conduct of school banking is very simple. Every Monday morning ten minutes are devoted by teachers to the collection of the savings of the scholars. These savings are deposited in the savings-bank to the credit of the scholars. When a child has a deposit of one dollar, the bank provides a book. Money is only to be withdrawn by check, signed by the depositor and by the parent or teacher.
THE EDUCATIONAL ASPECTS OF SAVING

This method, varying somewhat from that of Belgium and other European lands, I had the privilege of introducing into the schools of Long Island City, New York, in 1885. What have been the results of the movement, then only to be regarded as a hazardous innovation? Twelve years have passed. School banking long ago ceased to be an experiment. It is now in successful operation in sixty-three cities and villages in the nation. The total amount deposited to the credit of the children is $451,211.37. Of this amount $158,197.14 remained due to the depositors March 16, 1897. These statistics represent what may be described as the regular system of school banking. This system has, however, given rise to several others in the schools, such as the stamp and collection systems, and to several philanthropic organizations of a more general character, such as the Penny Provident Fund of New York, the Provident Savings Bank of Baltimore, and the Stamp Savings System of Grand Rapids, Michigan.*

Mr. Thiry publishes an annual report of the standing of the different school savings-banks in the United States. The report for the year ending March 16, 1898, shows a total number of school-houses having savings-banks of 349, and these containing 1,809 banks. In these schools there were registered 97,999 pupils, of whom 41,863, or nearly one-half, were depositors. The total deposits amounted to $530,319, and the total withdrawals to $350,668, leaving due the depositors $179,651. As compared with the standing for the year ending March 16, 1897, the report shows extraordinary progress. There were then only 280 schools with banks, and only 1,572 banks. The amount due depositors has risen from $158,197.

An index to the capacity of Mr. Thiry and Mrs. Oberholzer for propaganda is found in the fact that, out of the total number of school-houses containing savings-banks, 53 are in New York and 153 in Pennsylvania, their respective home states. These figures also furnish an index to the inadequacy of the voluntary movement. It is no

*Extract from an address before Council of State Superintendents at Onondaga, New York, October 22, 1897, and published in the Report of the Transactions of the Association.
disparagement of the principal movers in the cause to conclude that, after thirteen years of active and earnest effort, the results attained are proof of the inadequacy of unaided voluntary action. In these years only seventy-six towns and cities in the United States have adopted school savings, and these extend over only eight states. Scarcely an impression has been made upon the school system of the country. The reasons should be clear enough.

The voluntary system places too great a reliance upon the skill and interest of superintendents and teachers. This is the rock on which a number of school banks have gone to pieces, notably the one at Bloomington, Indiana, before mentioned. Every change of superintendents must place in peril the continuance of the children’s saving system, because its vitality depends upon the interest and appreciation of the incoming superintendent.

In the second place the system imposes too heavy a burden upon the superintendent. If it is made a regular requirement, the superintendent, or teacher, may be expected to give instruction in the general principles of saving; but, in order for this much to be accomplished, it should be a universal and well-recognized feature of school training. In addition to this the system requires the teacher to be to an extent a banker, and it requires him to enter into rather a complicated arrangement with a local bank; and he may have no qualification for either of these offices.

Another obstacle to their success is a lack of confidence in local banking institutions. Mrs. Oberholzer writes, “The lack of public confidence in banking institutions has been our greatest drawback in the introduction of school savings-banks.” In the same letter she says, “I am in favor of postal savings, and all secure and legitimate methods for saving money for individual and public benefit.” Where there are a number of banks in a locality, it
may often be a delicate matter to select one of them to manage the school savings. Local jealousies growing out of such selection might seriously embarrass the superintendent and cripple the success of the institution.

Hence the two chief desiderata for a successful school savings system are (1) the incorporation of instruction in savings in the curricula of the school and (2) a safe and competent outside agency for the collection and custody of the funds. With instruction and periodical visitation reduced to method, the foundation for the greatest progress in savings will have been laid.

A postal savings system can afford a satisfactory custody and a competent corps of collectors to make periodical visits to the schools. The postal system has the additional advantage of reaching both the parents and the children. It can send its missionaries to the home and to the factory to collect savings and to explain the principle of the savings-bank. For any private institutions such visits would be very delicate undertakings, and doubtful as to their results.

The full value of school savings could not be reached unless the parents were also indoctrinated with the idea, and the parents need considerable instruction in order to secure their co-operation. Poor parents, whose children earn money out of school hours, are often incompetent to advise their children as to how to spend their earnings, which are very likely to be spent to the injury of the children. Newsboys are alarmingly addicted to the use of tobacco. If their parents could be induced to become patrons of the savings-banks in ever so small a way, the school savings-bank would have secured a powerful ally.

The need of such co-operation is also great in the case of the well-to-do parents. To such families the savings-bank visitor might suggest salutary modifications in the domestic economy. The pampering of children in such families is likely to prove their ruin. An unwise and
indiscriminate catering to the wants of children is the most natural fault of a parent who is able to respond to their appeals. In this respect the children of the poor have the advantage. They at least learn the lesson of making, if they know nothing of saving. A wholesome doctrine for the adoption of well-to-do homes would be to teach the children to look to their parents, as a matter of course, for provision for their physical necessities and for their education, but for nothing more than this. Facilities for earning should be afforded by the parent, if necessary, in the care of the house and grounds or the garden or the furnace or amanuensis work or doing errands. In such cases payment should not be made in money, but in certificates of deposit in the savings-bank. Every opportunity and facility should be used for increasing the acquaintance and familiarity with the savings-bank.

These considerations point to the savings-bank as the best educator in practical economy. They recognize the present economic order as the order of the future, in so far as we have any concern. With this fact kept in view, it will be seen that the chief remedy proposed, state education in saving, cannot be regarded as in any sense socialist. Its spirit is as diametrically opposed to collectivism as possible; for it seeks, above all, to strengthen the individual for the battles of competition. It seeks to impress the lessons of self-control and self-discipline for the building up of economic strength.

It has been the object of the writer in the preceding pages to direct attention to what seems a serious danger in the present trend of meliorative thought; and, in so far as this trend of thought seeks the elevation of the masses through the influences of culture, he has sought to expose its weakness. He has also sought to trace the economic bearings of education and to indicate how far existing systems come short of the ideal. He considers the build
ing of economic strength to be the chief function of education. Here he would not be considered as favoring a merely materialistic scheme of education, neglecting the imaginative, aesthetic, and ethical sides of the child's nature, but as emphasizing the interdependence of growth in culture and of control over immediate wants. A recognition of the incompetency of present educational schemes to build up an economic basis for growth in individual culture will at the same time lead to a recognition of the grain of truth in the assertion, so often made, that our educational systems are impractical. Following this line of reasoning, the writer is forced to the conclusion that instruction in saving, both by precept and example, both to children and adults, promises more than anything else to give the practical finish to our educational schemes. He believes that an institution which will commend itself to the approval and the confidence of the masses in so far as to secure their patronage will conduce more than almost anything else to individual self-realization.

The scheme of required instruction in saving, supplemented by a central public savings-bank, indicates the writer's view as to the extent to which economics should be taught in the elementary schools. It might well be taught under the name of practical economics; for it promises to guide the individual to a higher plane of living, to supply him with both the theory and the facilities for attaining unto the better things of life.

Finally, these views are presented in the belief that, if the educational aspects of savings are clearly recognized by the public, it will wisely influence the provisions for a state savings-bank in America, when public sentiment is ripe for such an institution.

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