A HISTORY OF PROGRESSIVE-ERA SCHOOL SAVINGS BANKING
1870 to 1930

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School-based Savings: The Progressive Era, 1870-1930

Introduction

The purpose of this research is to identify historical precedents of school-based savings programs for contemporary asset-building policy and programs for children. Therefore, the research aims to discover how these historical school-based savings programs were started and managed, who participated in them, their underlying values, their results and impacts, and implications for contemporary policymaking. In addition to the specific history of school-based savings banking, a paper of this scope touches on the history of savings banks, postal savings, and stamp savings societies in the U.S.; Progressive-era moral reform; thrift education; and World War I savings stamps and victory bonds.

One of the earliest examples of children’s savings institutions was Charles Loring Brace’s saving bank for poor boys through the New York Children’s Aid Society in 1854. Stamp savings societies, such as the Penny Provident Fund, were also directed at children. The Penny Provident Fund began in 1888, with collection locations in public schools, libraries, boys’ and girls’ clubs. Savings banking in schools first emerged in Europe in the early 1800s. In the second half of the 19th century, they spread to America through immigrants and the transmission of ideas through print media, professional meetings, and international expositions.

School banking systems began in America in the late 1870s. J.H.Thiry has been credited with beginning the school thrift movement in America. He instituted school savings banking in New York City public schools starting in 1885 (Tucker, 1991). After 1885, school savings banks proliferated in public schools throughout the country (Oberholtzer, 1892). School Savings Banking was systematically promoted by the Savings Bank Division of the American Bankers Association (ABA) beginning in 1913. The ABA approved a curriculum for use in public schools, which was promoted as the standard system of School Savings Banks throughout most of the century. The school-banking infrastructure was instrumental for the Treasury Department during the first World War (1917-1919) in their war savings bond and stamp campaigns targeting children and youth.

Nineteenth Century Savings Institutions in America

A variety of savings institutions existed in America in the early 1800s. In the Development of Thrift (1899), Mary Wilcox Brown outlines four classes of individualistic savings institutions, including: savings banks; postal savings and stamp savings banks; collecting savings banks (i.e. house-to-house collection); and savings funds for wholesale buying (i.e. fuel and flour clubs). The history of savings banks, postal savings, and stamp savings banks is most pertinent to the history of school savings banking. Therefore, for the purposes of this paper, these types of savings institutions will be given special attention (for further information on collecting savings banks and savings funds for wholesale buying, see Brown, 1899 and Tucker, 1991).
Savings Banks

Savings banks were a European creation as early as 1778 in Hamburg, Germany, and were first established in America in the early 1800s (Schwartz, 2000). Savings banks in America were heavily influenced by British savings institutions, and were seen as the solution to urban poverty by their benevolent founders (Tucker, 1991; Schwartz, 2000). At the time, commercial banks did not accept small depositors; so small savers hid money away in their homes under mattresses or in cellars. “Working people,” notes Tucker “were assumed to be industrious but ignorant of the necessity of habitually saving small sums...[and] the new thrift institutions could assist the industrious in depositing small sums and avoiding ale houses, chewing tobacco, and debt while developing a taste for prosperity and virtue” (1991, pg. 41). British reform ideology spread throughout the port cities of New England and the Mid-Atlantic, where the first American savings banks were established--Boston, Philadelphia, Baltimore, and New York.

According to Mary Wilcox Brown, an officer of the Henry Watson’s Children’s Aid Society of Baltimore, the Boston Provident Savings Institution was the first savings bank in America, which was established in 1816 (Brown, 1899). The Boston organizers regarded their work as Christian charity, receiving no salaries or benefits (Tucker, 1991). Early depositors of Boston Provident consisted of journeymen, coachmen, chambermaids, domestic servants, and artisans (1991). Seventy-one percent of their early depositors were women and children. The Philadelphia Saving Fund Society was also established in 1816, and was reported to be the first American savings bank by Wilcox (1916), and by Alter, Goldin, and Rotella (1994). Shortly thereafter in 1818, the Savings Bank of Baltimore was established (Payne & Davis, 1956). The Bank for Savings, opened the following year, was New York’s first Savings Bank.

By 1820, there were ten savings banks in the U.S., with 8,635 depositors, and nearly $1,140,000 million worth in deposits (Payne & Davis, 1956; Wilcox, 1916; Brown, 1899). Savings banks continued to grow in popularity throughout the century. By 1897, this growth had occurred predominantly in the Northeast, with 658 of the 668 total Savings Banks located in New England and other eastern states (Schwartz, 2000). Schwartz (2000) notes that at this time, half the population of the Northeast had savings accounts.

Early savings bank founders were philanthropists who viewed the banks as charitable institutions (Schwartz, 2000; Alter et al., 1994). According to the founders of the Philadelphia Saving Fund Society, their intended aim was “to promote economy and the practice of saving amongst the poor and laboring classes of the community” (Wilcox, 1916, pg. 25). The target population for early savings banks were “mechanics, tradesmen, laborers, servants and others, who have no friends competent or sufficiently interested in their welfare, to advise and assist them, in the care and employment of their earnings” (Wilcox, 1916, pg. 26). The Philadelphia Saving Fund Society even imposed a limit of deposits--$200 annually--from 1828 to 1869 to discourage deposits from the wealthy (pg. 45). Schwartz (2000) notes that the average savings of active account holders was 10 to 15 percent of their yearly income. By 1897, American savings banks had over 5,200,000 depositors, with the average account balance of $373 (Brown, 1899, pg. 36).
Scholars dispute whether savings banks adequately served their target populations—the poor and the working class. For instance, Olmstead examined the depositor records of 12 New York savings banks, and found that “despite the preponderance of servants and workers among the account holders, many were members of the middle and upper classes who held substantial balances” (1976, pg. 50-55). On the other hand, Schwartz (2000) asserts that there is much evidence that workers commonly held savings accounts in the nineteenth century. Thernstrom (1964) documents that 38% of savings accounts were held by unskilled laborers in one of Newburyport, Massachusetts two banks between 1866 and 1876. Upon examining the Philadelphia Saving Fund Society’s 10,229 account holders in 1850, Alter et al. found that over half of the males were in one of two categories: 1) mechanics, artisans or handicraftsmen, or 2) porters or laborers. However, according to Alter et al., “a minority of male account holders were from the very lowest rungs of the occupational level, [but] the proportion among women, as indicated by those who were servants, was considerably higher” (1994, pg. 740). While the degree to which savings banks served the poor and working class is still a topic of dispute among historians, there is strong evidence that many savings banks did meet the savings needs of the poor.

In 1902, the Savings Bank Section of the American Bankers’ Association (ABA) was established. At this time, 400 members of the ABA were savings banks. The Savings Bank Section’s objective was to promote savings in every community (Schneider, 1956). The three primary activities of this section included: 1) thrift and personal money management; 2) bank management and investment of savings and savings deposits; and 3) federal and state legislation (Schneider, 1956). Eleven years after its creation, in 1913, this section of the ABA began promoting school savings banking to encourage early thrift habits, which will be discussed in greater detail later.

In 1916, the centennial anniversary of savings banks in America, there were 630 mutual savings banks and 1,629 commercial savings banks in operation. The American Bankers’ Association (ABA) and the Young Men’s Christian Association (YMCA) organized a national thrift commemoration (Tucker, 1991). At the time, the 2,159 savings banks had ten million depositors and $4.7 billion in deposits (Schneider, 1956; Tucker, 1991). “The thrifts held enormous deposits,” notes Tucker, “and could boast to the nation that their wonderful moral influence in persuading America to save had resulted in public order, industrial development, and national prosperity” (1991, pg. 53).

**Postal Savings and Stamp Savings Banks**

Postal savings and stamp savings banks were another important source of savings options for the poor and the working class in the nineteenth century. Because many savings banks would not accept deposits less than one dollar, postal savings and stamp savings banks filled a niche for the small saver. Modeled after British Postal savings systems, the U.S. government established Postal Savings Banks in 1911 in every community with a post office (Tucker, 1991). Post office banks offered working people more convenient hours than private banks. The program aimed to get money out of hiding, and to especially attract the savings of immigrants who had been accustomed to saving at post offices in their countries of origin. Through the postal savings banks, dime savings stamps were often sold to children and immigrants (Tucker, 1991).
savings accounts earned 2 percent interest yearly, and were targeted at the small saver: $1 minimum deposit and $2,500 maximum deposit. By 1916, postal banks held only $90 million in deposits—much smaller than the amount held by savings banks. Because savings banks were primarily available in and around large cities, rural areas and small towns benefited from the new postal savings banks (Tucker, 1991). Thus, postal banks made saving possible for Westerners and Southerners—where there were fewer savings banks compared with the Northeast (Tucker, 1991). The U.S. post office banks served the small saver until 1967, when they were discontinued.

In the Development of Thrift (1899), Mary Wilcox Brown outlines three types of stamp savings societies: philanthropic, commercial, and mixed—philanthropic-commercial. Philanthropic stamp saving societies offered services to the small saver using stamps, stamp cards, and stamp distribution stations. In exchange for small sums of money, savers were given stamps of equal value, to be placed in the stamp card. Savers earned no interest because they were encouraged to open a regular savings bank account once they accumulated ten dollars. Brown offers the Penny Provident Fund as an example of a philanthropic stamp savings society. According to Brown, the Penny Provident Fund responded to the felt need of poor families. The friendly visitors of the New York Charity Organization Society were entrusted with small sums of money by the families they visited. The Fund is discussed in greater detail below.

Secondly, commercial stamps savings banks were created by regular savings banks. They aimed to increase the number of young savers, thus increasing the number of future clients. Brown (1899) offers the example of the Citizen’s Savings Bank of Detroit, which started its stamp savings program in 1890. While the bank did increase its client base from 720 to 5000 in just one year, the program ended in 1893 due to the financial panic (Brown, 1899). Brown was critical of purely commercial efforts to meet the needs of small savers: “A bank that studies its own interest rather than that of its depositors will sacrifice the welfare of the latter whenever it realizes that the cost of administration is greater than the returns made to it by them” (1899, pg. 50).

Lastly, Brown (1899) outlines a type of stamp saving society that is both philanthropic and commercial. Brown cited the advantages of such a mixed approach: “the philanthropic impulse will assure the guarding of the interests of the depositors, and the commercial regulations will make the bank not only self-supporting but educational” (pg. 52). The Provident Savings Bank of Baltimore, established in 1886, was the first stamp savings bank in America. Its mission reflected both its philanthropic and commercial objectives: 1) to take the bank to the people; 2) to make its hours convenient for them; and 3) to receive small sums. The Bank had no stockholders, but instead was run in the depositors’ interest. The profits from the regular savings were used to support the stamp savings bank. In addition to having branches around the city of Baltimore, they visited churches, clubs, Christian associations, and charitable agencies. Brown notes their aggressiveness in finding savers: “they work their way into places where money is scarce, and hunt diligently until they find the mites that in their keeping accumulate until they make an imposing total” (1899, pg. 52). Postal savings and stamp savings banks offered unique savings opportunities for small savers.
Moral Reformers, Thrift, and Savings Institutions

Beginning in the early 1800s, moral reformers established and encouraged savings institutions for the poor. The impetus for thrift and savings institutions for the poor lies within a broader climate of reform taking place in the Progressive era, including reforms in housing, hygiene and health, food and drugs, alcohol, immigration, and child labor to name a few. However, this broader context is outside of the scope of this paper (for further reading see Boyer, 1978; Cavallo, 1981; Ebner & Tobin, 1977; Kerr, 1985; and Lubove, 1962). Here, we explore the moral reformers’ push for thrift, frugality, sobriety, and diligence vis-à-vis the savings movement.

Moral reformers of the time generally opposed unconditional doles to the poor because it encouraged dependency. Instead, they emphasized helping the poor to help themselves. In addition to improving the financial situation of the poor, savings banks were intended to elevate the character of the poor. Mary Wilcox Brown articulates moral reformers’ disfavor with the dependency of the poor: “Reformers who have appreciated that men must be reached through the natural interests before they can assimilate mental and moral teaching, have tried to develop savings agencies, not only that the savers may have a reserve fund for future contingencies, but that they may have the consciousness of being removed by their savings from the burden of relief-receiving” (1899, pg. 33, emphasis mine). Instead, moral reformers encouraged the poor to aspire to the virtues of diligence, sobriety, and thrift. Such virtues could only be obtained through working and earning, avoiding alcohol, spending within their means, and saving when possible. Two illustrations from 1901 reflect the supreme value placed on thrift, as well as its explanatory power (Pinhorn, 1901, pg. 44-45):
Thrift and frugality were among the principle virtues encouraged by the moral reformers. In the late nineteenth century, social worker Mary Richmond stressed that the thriftless exhibited a “lack of self-control, the lack of power to defer their pleasures” (Richmond, 1969 (1899), pg. 109). According to Richmond, thrift was an “element out of which not only character but all the social virtues are built” (pg. 109). Furthermore, she defended thrift on the grounds that it bolstered workers’ position in conflicts with their employers. Richmond also advocated saving “for some definite and immediate object, because [a poor man] cannot spend in any effective way until he has saved” (pg. 119). Thrift and savings were seen as means to an end of later consumption, or delayed gratification. According to Mary Wilcox Brown, “The whole secret of right thrift lies in the formula: Save wisely, so as to be able to spend judiciously in a time of need which will probably be greater than that of the present” (Brown, 1899, pg. 5, emphasis in original). Although they placed a strong emphasis on thrift and frugality, moral reformers saw thrift as a “situational virtue.” They believed that it was not appropriate to save by neglecting one’s daily necessities.

Several prominent moral reformers praised savings institutions and the long-term values instilled by them. Reverend Joseph Tuckerman (1778-1840), who worked with the poor in Boston during the 1820s and 1830s, heralded savings banks as “an instrument of great moral power” (1971 [1874], pg. 105). Josephine Shaw Lowell (1843-1905), of the Charity Organization Society of New York, characterized savings banks as “true charity,” due to their encouragement of thrift, providence, and self-control (1974 [1884], pg. 109-110). Schwartz quotes William E. Channing D.D. on the prevailing value of thrift in the late 1800s: “It is the common doctrine of the day, that the poor are to be raised by being taught to save, to hoard, to economize their scanty earnings” (2000, pg. 49). According to Mary Wilcox Brown:
[The savings bank] is educational because it shows an improvident class the need of foresight; a thriftless body the utility of being frugal...it teaches men to be independent, and trains children to recognize the power they have of accumulating a small capital...There is, however, a higher form of saving, which goes further than the savings banks and trains its supporters to an understanding of business methods and to an appreciation of joint responsibility and mutual dependence. It creates a “consciousness of kind,” a consciousness that will make the individual realize what are his duties as a member of a community, and that will gradually raise him to a higher social level (1899, pg. 71).

Going beyond day-to-day financial betterment, Brown saw savings banks as the catalyst for elevating the character of the poor, and enabling the poor to contribute to society on a broader level. In short, moral reformers believed that savings banks played an important role in poverty relief and in the inculcation of the virtues of diligence, sobriety, and thrift over the long-term.

The proliferation of savings banks and school savings banks was linked historically to the rise of the temperance movement. Sobriety and thrift were linked because each was thought to be a manifestation of self-control, and were mutually reinforcing. Tucker (1991) notes that the Women’s Christian Temperance Union (WCTU) endorsed school savings banks starting in 1890. That same year, the WCTU appointed Sara Louisa Oberholtzer to the position of National Superintendent of School Savings Banks (Tucker, 1991). The WCTU’s support was significant given that it was the largest women’s organization of the nineteenth century, with 500,000 members in 1891. As National Superintendent of School Savings Banks, Oberholtzer advocated for the J. H. Thiry system of school savings banks, and touted it as the best system “for preventing boys from becoming drunkards, wife beaters, and paupers” (Tucker, 1991, pg. 67). Thiry and the WCTU both agreed that spending money in the hands of children had “brought many of our young people to the first step of the ladder of crime and pauperism” (Bureau of Education, 1891, pg. 656). In an 1892 article on Schools Savings Banks, Oberholtzer asserted that:

Through the proper inculcation of thrift and education...extravagant, thoughtless habits, which beget inequality, drunkenness and vice, could not thrive if the population was carefully trained to self-knowledge, self-dependence, and economy....If we could stimulate the poor to provident habits, and prove to the middle classes the foolishness of spending all as they get it, and to the rich that honest, methodical care of God-given blessings result in greatest enjoyment, we should be exercising a broader and more healthful benevolence (1892, pg. 22, 28).

The WCTU and the general temperance movement provided tremendous support and advocacy for thrift education, as well as the savings bank and school savings bank movements during the early progressive period.
While the moral reformers’ zeal for temperance was instrumental for school banking, the influx of immigrants created additional support for school banking (Tucker, 1991). Tucker notes that “Civilized eastern states had initially welcomed immigrants who brought with them the virtues of industry, frugality, and thrift. Criticism of Irish immigrants, the first unwanted aliens in the new republic, had focused on their supposed lack of these virtues. Protestants combined an intolerance of Catholicism with strong objections to the alcoholism, indolence, and pauperism found among the immigrants of the 1840s and 1850s” (1991, pg. 99). Therefore, the desire to inculcate these virtues among immigrants--and their children--was very strong and school banking provided an important starting point.

Despite the moral reformers’ enthusiasm for savings and thrift, they faced criticism from settlement workers during this period. Both Jane Addams, co-founder of Chicago’s Hull House (1889), and Walter Rauschenbusch, minister in New York’s Hells Kitchen (1886-97), were strongly opposed to the encouragement of thrift and savings among the poor. They contended that “bourgeois standards are largely inapplicable to the life of the poor, and that it is unfair to demand individual effort by the poor to rectify poverty for which society is collectively responsible” (quoted in Schwartz, 2000, pg. xx). For Addams and Rauschenbusch, the solution to poverty would come from reforming society, not reforming individuals’ behavior.

Nineteenth Century Children’s Savings Institutions

Children’s Savings Banks

Charles Loring Brace (1826-1890), founder of the New York Children’s Aid Society in 1854, created a savings bank at his lodging house for poor boys (Schwartz, 2000, pg. 47). Brace’s zeal for savings was reflected in the fact that the boys who lived in the lodging house were not given clothes, “unless under some peculiar and unfortunate circumstances,” but instead had to save their pennies to buy their own clothing (pg. 47). The savings bank was set up to discourage the boys from wasting their money on “follies--theatres, cards, dice, policy-tickets, and games with pennies, while the lads themselves remained ragged and poor” (pg. 48). The boys received interest on large deposits and the Trustees offered prizes to the boys who saved the most money (2000).

Children’s Stamp Savings Banks

Josephine Shaw Lowell (1843-1905) was the leading theoretician of New York City’s Charity Organization Society (COS), which she helped found in 1882. Under Lowell, the COS of New York City established the Penny Provident Fund in 1888 to encourage savings of even the smallest amounts among the poor. The Penny Provident Fund was a type of stamp savings bank, discussed earlier (Brown, 1899). Many of the Penny Provident Fund’s depositors were poor children who were encouraged to save their pennies instead of gambling, buying cigarettes or candy. The motivation for creating the fund was tied to one of the organization’s main goals: the promotion of “the general welfare of the poor...by inculcation of habits of providence and self-dependence” (Schwartz, 2000, pg. 48). However, the poor had little access to formal savings because only one savings bank in New York City would accept deposits of less than one dollar. The Penny Provident Fund sold savings stamps in denominations ranging from one cent to one
dollar. After an individual accrued $10 in stamps, he/she was encouraged to open a regular savings bank account.

The savings stamps were sold in over 300 locations, including public schools, boys’ and girls’ clubs, churches, settlement houses, savings banks, and libraries to name a few. In the Development of Thrift, Mary Wilcox Brown reported that by 1899 the Penny Provident Fund had collection stations in 18 New York City public schools, as well as in public schools in New York state, New Jersey, Connecticut, Massachusetts, and Illinois (1899, pg. 55). In addition to collection sites, the Fund also paid collectors to go from tenement to tenement to collect deposits. In 1903, just 15 years after the fund was established, there were nearly 100,000 Penny Provident Fund accounts (Schwartz, 2000). The prevailing bourgeois values were expressed by a COS member reflecting on the Fund’s success: “Hundreds…have been graduated from what may be called this kindergarten of thrift into the high schools of providence, and [have] become investors in regular savings banks” (quoted in Schwartz, 2000, pg. 48).

**School Savings Banks**

**European models**

School banking systems in America were based on European models that began as early as 1810 in Scotland (ABA, 1963); the 1820s in Germany (Mulphey, 1929); and the 1830s in France (ABA, 1923; Oberholtzer, 1892). In an 1892 article, Oberholtzer credited the idea of School Savings Banks to Monsieur Dulac of Le Mans, France in 1834. In addition, she asserted that France was the European leader in the school banking movement through the works of Monsieur A. C. Marlace (1892). Francois Laurent, Professor at the University of Ghent, Belgium, was also instrumental in developing a school savings program that was utilized throughout Europe in the 1870s (ABA, 1963). The International Congress of Charities, Correction, and Philanthropy, held in 1856 in Brussels, and the 1873 International Exposition in Vienna were influential in the development of school savings and thrift education (ABA, 1963).

According to the American Banking Association (ABA), there were 23,375 French schools with banking systems holding 478,173 children’s savings accounts in 1892 (1923, pg. 61). During the mid- to late 1800s, there were school savings systems functioning in Germany, Belgium, Switzerland, Sweden, Holland, England, Scotland, Hungary, and Russia (ABA, 1923; ABA, 1963; Bowman, 1922; Oberholtzer, 1892). J. H. Thiry, a Belgium immigrant, has been identified as the founder of school savings banks in America. In the mid-1880s, he introduced the Belgian and French models of School Savings Banks in the United States.
Early American School Savings Banks, 1876-1899

While the development of school savings in this country is attributed in large part to school commissioner J.H. Thiry, there are other early examples of school savings banking. For instance, one of the first programs was established by T.S. Merrill of Beloit, Wisconsin in 1876 (Woodworth, 1923). He had attended the Vienna World Exposition as a representative of Wisconsin. He started the Beloit Savings Bank of Wisconsin, and offered school savings services; however, the school savings program ended after five years (ABA, 1963). In 1879, Captain R.H. Pratt set up a savings system for Indian pupils at the Carlisle Indian Industrial School. In 1885, Superintendent C.M. Carpenter set up a school banking system in Bloomington, Indiana public schools (Woodworth, 1923).

J.H. Thiry, of Long Island City, is recognized as the most influential man in the school savings bank movement in America. Under his guidance and advocacy, school savings banks gained tremendous popularity. He first instituted school savings banking in New York City public schools starting in 1885 (Tucker, 1991; Bowman, 1922; ABA, 1923). In the next year, his system spread to other Long Island City schools, to Elmira, New York, and to Rutland, Vermont (Woodworth, 1923). After 1885, school savings banks proliferated across the country. In 1888, Sara Louisa Oberholtzer learned of Thiry’s school savings work at a Conference of the American Economic Association at the University of Pennsylvania. Oberholtzer was a teacher, author, and lecturer in her own right, and went on to establish 50 school savings banks in Pennsylvania by 1889 (ABA, 1963).

In 1890--just five years after Thiry established school banking in New York City public schools--there were school banking systems in 31 eastern cities and 158 schools (Tucker, 1991). By February 1892, the number of schools with savings systems had grown to over 300, with approximately 28,000 depositors (Oberholtzer, 1892). In 1891, these 28,000 depositors represented 38 percent of the total number of pupils in the 300 participating schools.

The Thiry method of school savings banks entailed teachers collecting the children’s savings every Monday morning. Each child was given a “Savings Bank card,” copyrighted by J.H. Thiry, with the pupil’s, teacher’s, and school’s name (see Appendix A). On Monday morning, the teacher called the roll and each pupil who wished to deposit took his/her money and card to the teacher. When a pupil deposited fifty cents or one dollar (depending on the agreement between school and bank), he/she was given a bank book and the money then credited to the account. When the account balance reached three dollars, the pupil started to earn three percent interest. Each Monday, the teacher placed the children’s deposits in an envelope that was given to the school principal. All of the envelopes were then delivered to the bank where bank officials counted, verified, and credited the children’s accounts. On the last Friday of the month, children were allowed to take their bankbooks home. Oberholtzer noted that this aroused family and parental interest, encouraging parents “to curtail needless expenses by the practical lesson in the accumulation of small savings thus taken to them” (1892, pg. 25).
In 1892, Oberholtzer documented early examples of 52 school savings banks in terms of: their location; date of establishment; number of pupils; and amount collected, withdrawn, and deposited (see Appendix B). Notable examples included school savings banks in Elmira, New York and Pottstown, Pennsylvania. Established in 1886, the Elmira schools had 1,226 depositors out of 2,229 total pupils, and $5,180 in deposits in 1891. In Pottstown, Pennsylvania, a borough of 15,000 inhabitants, there were 20 school savings banks in 1891. While the ratio of depositors to pupils was lower than in Elmira, NY (Pottstown: 967 out of 2158 pupils), the amount of savings was much greater--$10,000 (Oberholtzer, 1892, pg. 20). By March 1898, Thiry’s system was in practice in 76 cities and villages in New York State, Massachusetts, Connecticut, Pennsylvania, New Jersey, North Dakota, Michigan, and Washington state (Brown, 1899). Thiry reported that between 1885 and March 1898, over $530,000 had been deposited, $351,000 withdrawn, and $179,000 balance remained in school savings banks (Brown, 1899, pg. 59).

According to Thiry, the success of the school savings system was “dependent on the efficiency of the school board, on the zeal and untiring interest of the teachers and on the cooperation of the savings banks” (Brown, 1899, pg. 60). Thiry and Oberholtzer agreed that “success” of the system was not merely about accumulating savings, but had loftier goals. While the early participants in school savings banks responded enthusiastically by saving money, Oberholtzer stressed that this was never the prime objective of school savings banks. Instead, the main goal was:

the inculcation of the principles of thrift, honesty and self-responsibility;  
the upbuilding, through the schools, of prosperity and stability for home and State; the improvement of the organic, social and economical conditions under which we live; the moral and financial welfare of the nation. That this object may be properly accomplished it is necessary that the true purpose and advantage of early saving be impressed upon the pupils, that with the growth of the money the more receptive minds, at least, may be taught its value as a comfort factor, its waste as a frequent harbinger of woe, and its possession as a power for good (pg. 28).

This sentiment arises again and again among the moral reformers in the Progressive era and in subsequent periods when school savings banking is touted. Tucker notes that school savings banks proliferated after their inception in 1885--despite “the terrible depression of the 1890s and the inflationary good times of the progressive period” (1991, pg. 68). After Thiry’s death, Oberholtzer continued to advocate for the spread of school savings banks through a number of national publications and as WCTU National Superintendent of School Savings Banks (Woodworth, 1923; Tucker, 1991). In the 1880s and 1890s, school savings banks were introduced in large numbers in the Northeast and Mid-Atlantic states, gaining popularity and respect from education boards, bankers, and teachers. In the beginning of the twentieth century, the thrift education and school savings bank movements significantly gained popularity in America.
American School Savings Banks, 1900-1930

Overview

From 1900 to 1930, the school savings bank movement gained unprecedented momentum. In 1900, there were 700 schools with school savings banks compared to 15,000 in 1929. The number of young depositors skyrocketed from 63,000 in 1900 to 4,200,000 depositors in 1929. In this thirty-year period, the volume of deposits increased from $335,000 to over $24,000,000 per school year (ABA, 1963; Murphey, 1929). School savings banks began to spread outside of the Northeast and Mid-Atlantic states, where they had their start in the 1880s.

Several key factors and players led to the rise in the number of school savings banks across the country. The emphasis on thrift education for children and youth went hand-in-hand with the growth of school savings banking. The prevailing values of thrift, frugality, diligence, and providence of the Progressive-era endured, and contributed to this increase as well. In a 1922 article in *Elementary School Journal*, Professor Bowman echoed the sentiments and values of the moral reformers of the mid-1800s in his praise for school savings banking:

> it forms habits of self-denial, industry, thoughtfulness, frugality, prudence, economy, and thrift. It tends to prevent pauperism, crime, prodigality, and various vices and to make the children thrifty, orderly, economical, and discriminating in the use of money. It is a great factor in building character and in preparing children for their future duties as citizens and homemakers. Good habits and good accounts are desirable assets (Bowman, 1922, pg. 66).

As in the early days of Thiry’s school savings systems, the purpose was still to teach children the habits of thrift, not to accumulate large sums of money. Furthermore, the inculcation of thrift was linked to good citizenship, and thus tied to the nation’s welfare (Bowman, 1922; ABA, 1923; Murphey, 1929). Carol Murphey, author of *Thrift Through Education* (1929), identified school savings banks as the “most important influence for thrift [education]” (pg. 8).

In terms of key players in the school savings bank movement, the American Bankers Association (ABA) was extremely pivotal in the development of school savings banks and thrift education beginning in the early 1900s. A number of key national agencies and international events also contributed to the spread of the thrift movement in the 1910s and 1920s, such as the Thrift and Efficiency Commission of the Young Women’s Christian Association (Y.W.C.A.) (Mruphey, 1929). In addition, state and local-level organizations were instrumental in the proliferation of school savings banking, such as the Texas Thrift and Savings League, and the Los Angeles Banks School Savings Association (Shurter and Littman, 1917; Murphey, 1929).
With America’s entrance in the first World War in 1917, the U.S. Treasury Department placed a major emphasis on thrift and thrift education in the wartime savings campaigns. During the planning of the war savings campaign, the Treasury Department studied examples of stamp savings books used with children in school savings banking systems (Tucker, 1991). In addition, the Treasury Department benefited by utilizing the infrastructure already in place for school savings banking. Schoolchildren and youth clubs played an active role in purchases and sales of War Savings Stamps, Thrift Stamps, and Liberty Bonds during the war (Tucker, 1991; Samuel, 1997).

**Thrift Education and School Savings Banking**

The history of thrift education is intimately interwoven with the history of school savings banking. The impetus for thrift education and school savings banks came from the same institutional, philanthropic, and commercial players in most cases. Thrift education and school savings banking were seen as mutually reinforcing. Indeed, school savings banking was an actual hands-on exercise of thrift education. School savings banking systems advocated for the inclusion of thrift education in school curricula—and not only in the obvious subject of math, but also English, geography, and physiology (ABA, 1923). Educators, social reformers, and businessmen of the day set their attention on early childhood as the ripe time to teach the value of thrift.

In the late 1890s, Mary Wilcox Brown expressed this sentiment:

> the time to ingraft thrift habits is when children are still young enough to be receptive of new teachings, and when they have not to unlearn thriftless habits. The intent to save has ordinarily to be acquired, and the child who is taught that he must deny himself a present gratification in order to meet a future need, has learned a lesson in economics, which will serve him as a valuable implement with which to cut for himself a road to success in later years (1899, pg. 54).

The introduction of a “Thrift Creed” for school children and youth was an important part of thrift education curricula in the early 1900s as well. In 1925 the Boys’ and Girls’ Clubs of Roosevelt High School in Seattle, Washington produced a “Thrift Creed” handbill for New Year’s (Murphey 1929, pg. 1). The Thrift Creed listed ten points under the heading: “We Believe in the Habit of Saving Because...” (see Appendix C). This Thrift Creed invokes the prevailing ideals of thrift, frugality, industry, self-reliance, responsibility, delayed gratification, diligence, and good citizenship.

School textbook companies also played an important role in thrift education and school savings banking. The central textbook of the Gilded Age was the *Appleton Reader* (1878), written by William Torrey Harris, St. Louis school superintendent and later U.S. Commissioner of Education. In both the *Appleton Reader* (1878) and the *Blue-Back Speller* (1783), thrift wisdom was present without the religious material of earlier textbooks. Interestingly, it was Harris who reprinted J.H.Thiry’s “School Savings Banks in the United States” in his first annual report as Commissioner of Education, and thus gave school savings banks national attention (pg. 66).
later textbooks, the subject of thrift gained more prominence. For example, in Book II of *Literature and Living* (1925) by Lyman and Hill, one chapter is devoted to “Saving and Conserving” (Murphey, 1929). In a 1921 textbook on community civics, there were chapters entitled “Thrift in Earning” and “Thrift in Saving” (Murphey, 1929). The popularity of school savings banking and thrift education went hand-in-hand, and reflected the prevailing virtues of the day. While thrift education bolstered school savings banking in the early period, the American Bankers’ Association contributed in complementary, significant, and long-lasting ways.

**The ABA and School Savings Banking**

In 1913, the Savings Bank Section of the American Bankers’ Association began to encourage school savings banking in a systematic fashion (Woodworth, 1923). The mission of the Section was to promote savings in every community—including the community’s children. According to ABA officials, “…if thrift is to become general, we must begin to train the child while he is in school” (1923, pg. v). The encouragement of early thrift habits among children was the primary impetus behind the ABA’s support of school savings banking. In his history of the ABA, Schneider stated “the [Savings Bank] Division endeavors to convince the banking fraternity that it cannot evade the responsibility of nourishing and developing the thrift instinct during the formative years” (1956, pg. 88).

Through publications and conferences, the ABA was influential in the proliferation of school savings banks. The ABA was a leading publisher of practical guides for the establishment of school savings banks. Namely, in 1914, Secretary E.G. McWilliam compiled various methods then in use to write “Five Practical Plans for Operating a School Savings Bank” (1914). Milton W. Harrison wrote two others in 1916 entitled: “Thrift--How to Teach it, How to Encourage it” and “Encourage the Establishment of School Savings Banking” (Woodworth, 1923). In 1923, the ABA published a pivotal book entitled *School Savings Banking: Including an Approved Method for Operating School Savings Banking Systems*. This book offered a curriculum for use in public schools, which was promoted as the standard system of School Savings Banks throughout most of the twentieth century.

In *School Savings Banking...*(1923), the ABA offered a comprehensive guide to starting and operating a school banking system, as well as generating enthusiasm and participation in them. The ABA methods for installing a school saving bank included a variety of steps involving state law, banks, the Board of Education, school principals and teachers, and the ABA Savings Bank Division. Bowman (1922) notes that in many states the banking laws had to be amended to allow for school banks, such as Massachusetts, Connecticut, New York, Minnesota, and Utah to name a few. In summary, the installation of a school savings bank entailed complying with state law, determining bank partners, obtaining authorization from Boards of Education, interesting and educating school principals and teachers, filing proper forms, obtaining materials and equipment, and distributing supplies (see below).
There were a wide variety of school savings banking methods in use during this period. In a 1922 article in *Elementary School Journal*, Professor Melvin E. Bowman outlined the three primary methods of collecting and banking children’s savings in School Savings Banks: 1) direct type or passbook; 2) stamp card or exchange system; and 3) automatic receiving teller. In the direct type or passbook system, money was received from the pupil and credited on a card or in a passbook. In the stamp card or exchange system a pupil was given a stamp equal in denomination to his/her deposit, which could be taken to the bank to get money or credit in return. Lastly, the automatic receiving teller was similar to a gum slot machine. Bowman (1922) notes that other types were also in use, but less prevalent, such as the punch card, Educational Thrift Service, the Upliftthrift System, Rieman, certificate, and envelope.

While there were many variations of school savings banking methods, the ABA formalized and encouraged the “direct type or passbook” method. The ABA outlined a 12-step method for the day-to-day operation of school savings banks. The method stipulated when collection was made by the children, to whom, and how the collection was to be recorded and delivered to the bank (see below). The ABA method established a “Bank Day” that took place for 15 minutes during one class period each week or before school if not allowed during school hours. In this particular method, children prepared deposit slips for the “Bank Day,” and gave their money to the “room teller”, who was a teacher or designated pupil. The child’s deposit was recorded on his/her school savings folder or passbook (if the child had graduated to an interest account). The deposit slips and money were placed in a designated envelope and taken to the principal’s office. Then, the principal prepared all of the envelopes to be delivered to the bank or to be collected by a bank messenger.
The ABA guide also offered suggestions for increasing enthusiasm and participation in school savings banking in a section called “Methods of Stimulation by Teacher and Banker.” First of all, the ABA method promoted the teaching of thrift in the school curriculum in the subjects of math, English, geography, and physiology. Such lessons were to be supplemented by visits from bank officials, who were seen as “visiting uncles” to the pupils (1923, pg. 132). In addition, the ABA methods encouraged that school principals send letters to parents encouraging their involvement and praise of their children’s savings efforts, as well as printing reports and other publicity on schoolchildren’s savings accomplishments. School banking magazines also played an important part in stimulating and maintaining interest in school savings. The following are popular examples from the early 1920s: *The Thrift Advocate, Thrift Messenger, Berkeley School Savings Report, The Busy Bee, School Savings Bank Monitor*, and *School Savings News* (ABA, 1923) (See Appendix D).

Essay competitions, poster contests, and classroom participation competitions were popular forms for increasing participation and enthusiasm for school savings banking. During National Thrift Week January 17-23rd, essay contests were held with such topics as: “What Thrift Means to Me,” “What I am Saving For,” and “What I have Bought with my savings.” Banks often offered money prizes for poster contests, showcasing the best posters using slogans for thrift and savings. Schools held classroom participation contests, and a “Thrift Banner” was given to each classroom in which every pupil had a passbook. Therefore, emphasis was placed on the percentage of participants, and not the amount of deposits made by individual children. The “Thrift Banner” was a precursor to the Minute Man Flag used to signify 100% school

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**ABA School Savings Bank Method**

1) Appoint a “Bank Day” for all schools in the system: once weekly for 15 minutes during one class period or in morning before school begins
2) Before Bank Day, teacher announces “Bank Day Tomorrow”
3) On “Bank Day,” deposit slips are distributed to pupils to be prepared and placed in his/her school savings folder
4) Pupils make deposits to room teller (usually a teacher or designated pupil) who takes the money and deposit slip, and enters the amount on the school savings folder
5) If it is pupil’s first deposit, he/she gets 2 regular bank signature cards
6) School savings folder is issued by the bank in the name of pupil
7) School is assigned a school ledger card
8) Pass Book is issued when pupil’s savings are transferred to an interest account (at that time, account will gain 4% interest)
9) Room teller encloses deposit slips and money into a special envelope provided by the bank, and forwards it to the principal’s office
10) Principal encloses all envelopes into a locked receptacle for delivery by school or bank messenger to depository bank
11) Bank credits each pupil’s deposit on bank ledger cards
12) Each depository bank should provide 1 or 2 tellers with windows labeled “School Savings Department”

Source: American Bankers’ Association, 1923, pg. 75
participation in war stamp and bond purchases during World War II. This and many of the other methods encouraged by the ABA (i.e. thrift education, letter to parents, essay and poster contests) later served as models for the Schools at War Program during the Second World War.

From Bowman (1922) and the ABA (1923), we have several examples of school savings bank systems in operation during the early 1920s. In Norfolk, Virginia school savings banks were operated as a board of education project, using the stamp card system. Five-cent stamps were used, with 15-cents opening a new account (which included 10-cents for the stamp book). Each page of the stamp book held 20 stamps, and interest was paid semiannually. Withdrawals could be made with written approval of the parents, and only by presenting the stamp book at the principal’s office (Bowman, 1922).

In Norfolk, Virginia school savings banks were operated as a board of education project, using the stamp card system. Five-cent stamps were used, with 15-cents opening a new account (which included 10-cents for the stamp book). Each page of the stamp book held 20 stamps, and interest was paid semiannually. Withdrawals could be made with written approval of the parents, and only by presenting the stamp book at the principal’s office (Bowman, 1922).

1 for making regular deposits in the school savings bank. The High School acted as the school savings bank headquarters, with several positions: a faculty supervisor, student cashier, two assistant cashiers, and student tellers. On Bank Days, the student tellers collected children’s deposits at the local elementary schools (Bowman, 1922; ABA, 1923). At the Brooklyn School Savings Bank in New York City, 15-30 pupils held positions as bank clerks (see Appendix E). The School Bank was open 1-2 days per week, during the hours of 8:30-9:00 am, 12:30-1:00 pm, and 3:00-3:30 pm. In terms of bank involvement in school savings, the Bank of Italy in San Francisco, California had representatives that traveled a total of 1,250 miles every week, visiting 300 schools and collecting schoolchildren’s deposits (Bowman, 1922).

In the literature, prescriptions and helpful tips for operating a successful school savings bank were prevalent. Five key themes emerged from Bowman’s set of recommendations for success, including: 1) school banking personnel, 2) attractiveness to participants, 3) professionalism, 4) public service, and 5) thrift education (see below). In terms of operating a school savings bank, the key players to be involved are local bankers, teachers, and principals. Bowman expressed the importance of school savings personnel and of the need to make the system attractive to its participants (1922, pg. 58):

the success...depends not so much upon the system used as upon the persons using the system...Any school savings bank plan to be successful must be easily understood by the young children, light in its demands on the time, money, and skill of its managers, and attractive to the children, teachers, and parents.

Furthermore, for Bowman, the teachers were the primary key to a successful system: “for upon the teacher more than upon anyone else depends the success of the [school savings] plan” (1922, pg. 65). Tailoring the system to children’s needs was also an important factor of successful programs; Bowman stressed that school savings systems should be understandable to children, but not too simplistic. In addition, regular bank forms and customs should be used so that children can make an easy transition to regular banking upon leaving school.
Bank officials were encouraged to exhibit a high level of professionalism vis-à-vis school savings banks. This entailed operating a school savings bank like a “real bank,” depositing funds promptly, maintaining proper records, and offering a teller’s window at the bank for “school deposits.” Bowman (1922) linked school savings banking to the country’s welfare, stressing that the system was a type of public service by banks on behalf of the nation. School savings banks were also seen as an educational project, which were viewed as “the real foundation for thrift teaching” (Bowman, 1922, pg. 64).

<table>
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<th>12 Principles for the Success of a School Savings Bank:</th>
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<tr>
<td>1) The school savings bank should be operated just as nearly like a real bank as conditions permit, using the same forms and customs so that the child will not have anything to learn on leaving school.</td>
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<td>2) Each local system should have the advice of the local bankers, who should not only furnish the supplies but also stimulate the entire operation.</td>
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<tr>
<td>3) School savings banking is an educational project, which relates vitally to the country’s welfare. It must be considered as a public service. Every banker engaging in the work must feel that the public service is needed and that success depends more on the support and energy which he contributes than on the system or method used.</td>
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<td>4) An enthusiastic principal can interest his teachers in school savings by a proper appeal to their professional responsibilities. However, the teacher should be made a supervisor rather than a mere clerk.</td>
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<td>5) Pupil enthusiasm is not difficult to generate. The economic advantages of the work can be explained in greater detail as the children mature.</td>
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<td>6) Immediate deposit of the money in a bank is very important.</td>
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<td>7) All deposits should begin to draw interest as quickly as possible in order to stimulate interest in the work.</td>
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<td>8) Each pupil should be encouraged to acquire a passbook, which will give him standing at the bank, for this causes the child to have a much greater interest in his savings.</td>
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<td>9) Withdrawals should be restricted but should not be made impossible.</td>
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<tr>
<td>10) Each bank should have a teller’s window, labeled for school deposits, where the children can feel at home.</td>
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<tr>
<td>11) School savings banking should be coordinated with the regular school subjects in teaching thrift. It is the real foundation for thrift teaching.</td>
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<tr>
<td>12) A system should not be installed that is so simple that the children do not receive proper training, and records should not be kept that are insufficient to provide protection for the funds.</td>
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Source: Bowman, 1922, pg. 63-64.

Agencies and Events Promoting Thrift Education and School Savings Banks

A host of agencies, conferences, and events at the international, national, state, and local-levels directly contributed to the thrift and school savings bank movements in the early 1900s. International conventions continued to play an important role in this period, as with the International Exposition in Vienna in 1873. An International Congress of Thrift was held at the Panama Pacific Exposition in San Francisco in 1915 (Murphey, 1929; Tucker, 1991). On the national level, the Thrift and Efficiency Commission of the YWCA was established in 1913.
Murphey noted that the YWCA promoted “wise spending of money as well as thoughtful saving” (1929, pg. 12). The following year, the American Society for Thrift was founded by Simon W. Straus, a Chicago mortgage banker. Tucker referred to Straus as “the greatest advocate of school thrift” (1991, pg. 68). Furthermore, Straus was instrumental in encouraging the National Education Association (NEA) to form a permanent Committee on Thrift in 1914, as well as award prizes in his name to students who wrote the best thrift essays (Tucker, 1991).

In 1916, the NEA held a convention in New York City, where its Committee on Thrift preached the importance of patriotic saving and thrift. At this convention, Straus claimed that “Americans were the most thriftless of all nations, with only 108 savings bank depositors for every 1,000 citizens, compared to Switzerland’s 544 [for every 1,000 citizens]” (Tucker, 1991, pg. 69). The Committee on Thrift conducted several student and teacher essay contests on the topic of thrift around the country. The NEA compiled several of the winning essays from the 1916-17 school year into a monograph, which became a leading guide for thrift education (Murphey, 1929).

In June of 1924, the NEA and the National Council of Education co-sponsored the Conference on Thrift Education in Washington, D.C. Murphey (1929) claimed that this conference had tremendous impact on the future of thrift education, in part because it drew professionals from outside the teaching profession. The conference brought together 150 organizations, such as: the Savings Bank Division of the ABA, General Federation of Women’s Clubs, Congress of Parents and Teachers, American Home Economics Association, Young Men’s Christian Association (YMCA), YWCA, Jewish Welfare Board, American Federation of Labor, and the American Society for Thrift to name a few.

The Young Men’s Christian Association (YMCA) became more involved with thrift and savings during the war (1917-19). The YMCA worked in conjunction with bankers, and participated in National Thrift Week activities. The YMCA created a “Christian Financial Creed” of work, budget, homeownership, bank, insurance, securities, and sharing (Tucker, 1991). The YMCA continued its religious support of work and frugality, believing that:

habits of wastefulness and extravagance rot character. They make a man poor, they rob him of his judgment, steal his health and undermine his integrity. Most of the evils that beset and ruin the individual go back to the gaining, dividing, and use of money (Tucker, 1991, pg. 92).

During the First World War, the YMCA coordinated its efforts with the National War Savings Division for war stamp and bond campaigns (Tucker, 1991).

State and local-level organizations were also instrumental in the proliferation of school savings banking. State-level organizations like the Texas Thrift and Savings League published guidelines for operating school savings banks in Texas schools (Shurter and Littman, 1917). The League was a coalition of representatives from the University Department of Extension, Texas Bankers’ Association, Texas Women Bankers’ Association, the Mothers’ Congress, and the YWCA. The League presented five methods for operating a School Savings Bank, offered further guidance if needed, and assured its readers that it would not interfere with regular school work (1917, pg. 1).
The League also conducted a “Thrift Campaign” one week in larger communities and one day in the rural districts during the school year.

At the local-level, there were school district-based organizations promoting thrift and school savings banking. The Los Angeles Banks School Savings Association was formed in 1922 by educators and bankers, who saw the need for a school savings plan. (Murphey, 1929). The Association members represented the Board of Education, and eleven prominent California banks. With the support of this Association, the L.A. School District’s school savings deposits rose dramatically from June 1923 to April 1929: $232,000 per year to $1.3 million per year respectively (Murphey, 1929). Whether international, national, state, or local, organizations played a crucial role in the development and proliferation of thrift education and school savings banks in this period. When America entered the war in 1917, these organizations provided the U.S. Treasury Department with support and a ready-made infrastructure for its wartime savings campaigns with children and youth.

School Savings Banking and World War I Savings Campaigns

The U.S. Treasury Department placed a major emphasis on savings and thrift education in their World War I savings campaign. During this war (1917-1919), the government waged its first aggressive marketing campaign to sell war stamps and bonds to Americans. The Treasury Department promoted War Savings Stamps, Thrift Stamps, Postal Savings, and Liberty Bonds/Victory Loans. Propaganda posters were the major device of mass communication during this time, promoting food and fuel conversation; bonds and stamps; and victory gardens. For instance, one propaganda poster urged citizens to “Keep Him Free: Buy War Savings Stamps” (see Appendix F). President Woodrow Wilson’s government challenged immigrants to “Remember Your First Thrill of American Liberty: Your Duty—Buy U.S. Government Bonds” (see Appendix F). In addition, some 75,000 “Four-Minute Men” gave millions of speeches during the war (Graham, 1966). These patriotic volunteers preached “100% Americanism,” and urged people to grow victory gardens, conserve food, and buy Liberty Bonds to finance the war (Samuel, 1997, pg. 4).

At first, the minimum $50 Liberty Bond was too expensive for most Americans—especially for laborers, women, and children. This observation came from the British treasury official Basil P. Blackett. Under Blackett’s recommendation in August 1917, U.S. Treasury Secretary William Gibbs McAdoo appointed a committee to devise a bond campaign for smaller denominations (Tucker, 1991). Within a week, the Treasury Department committee studied examples of children’s stamp savings books used in school savings banks (Tucker, 1991). From this study, the Treasury Department drafted legislation authorizing $2 billion in small savings bonds (Tucker, 1991). By September 25, 1917, Congress approved the sale of small denomination savings bonds—($5 bond).

Shortly after, the National War Savings Division was formed, and McAdoo appointed Frank Vanderlip as head of the Division. The Vanderlip campaign was modeled after a British World War I bond program, and emphasized the values of thrift (Samuel, 1997). Vanderlip is well known for creating an organization that reached into every local community for its war savings campaign (Tucker, 1991). The role of bankers was especially important in Vanderlip’s War
Savings Campaign; they commonly held positions as State and Local Volunteer Directors, who were responsible for outreach. Bankers were already well placed in their local communities and schools vis-à-vis School Savings Banks. Vanderlip was especially interested in reaching every household in America via the nation’s children and youth at school (quoted in Tucker, 1991, pg. 88):

> We are going to start this campaign through the schools...because our two hundred and fifty thousand school children in the state [of Connecticut] can carry that idea home directly to the parents...The schools of America are the single units where a national resolution can form and spread overnight into every household.

In Washington, D. C. November 15-16, 1917, during a pep talk, Vanderlip, Secretary McAdoo, and President Wilson encouraged State Volunteer Directors to take part in “this movement for savings and economy” to help win the war (McAdoo and Vanderlip quoted in Tucker, 1991, pg. 86).

Winning the war required that citizens conserve resources, reduce consumption and spending, and thereby keep inflation down. They were encouraged to do this by purchasing Victory bonds and war stamps. The dual purpose of the “democratic stamp movement” had been to teach thrift and soak up consumption funds (Tucker, 1991, pg. 91). Although citizens were often told they were literally “financing the war,” the general public’s contribution amounted to only $1 billion through the war stamps, in contrast to the $17 billion in Victory bonds purchased by banks and the wealthy. Regardless, the power of patriotism and citizen involvement in the war was tapped, and was indeed essential for the success of the community campaigns:

> ...by creating state organizations to persuade citizens to abandon nonessential consumption and use the money instead to buy savings stamps, the [volunteer] directors could build character, encourage virtue, and strengthen the nation. They could use the incentive of patriotism to persuade others to join the state organizations—recruiting organizers in every county, every city, every school (Tucker, 1991, pg. 86).

While the World War I savings campaign was successful in mobilizing 34 million citizens or one-third of the population, Vanderlip was unhappy that it had become more of a selling campaign than an educational one.

Under Vanderlip, the national organizations section of the National War Savings Division coordinated efforts with the schools, the Boy Scouts of America, and the YMCAs (Tucker, 1991). In schools across the nation, classrooms were turned into War Savings Stamp markets one day a week. Where School Savings Banks had previously operated and promoted children’s small savings, teachers now collected nickels, dimes, and quarters from the children in exchange for War Savings Stamps. School children were each given a Thrift Card, which was to be filled with 25-cent war savings stamps. Once they had filled the Thrift Card, they could then purchase a $5 Liberty Bond. Tucker (1991) notes that each square on the Thrift Card contained a quote by Benjamin Franklin on the virtue of saving.
Motivational songs and plays were also a significant part of the war savings campaigns with children in the schools. Such songs and plays drew on the Progressive-era values of thrift, frugality, and foresight, as well as invoking patriotism to Uncle Sam. “Save Up Your Pennies” is one example of a popular campaign song that reflected these notions (Tucker, 1991, pg.89):

```
“Save Up Your Pennies”:
   1. There’s a good old saying
      That everybody knows
      You hear it all around the globe
      And this is how it goes
   chorus
      Save up your pennies for a rainy day
      It’s not always what you earn but what you put away.
      Uncle Sam has need of thrift
      So do your best, and give him a lift
      and save your pennies for a rainy day.

   2. Among the world’s best nations
      If we’re to take a place
      We must all learn a lesson of thrift
      or never win the race.
```

School plays were performed to build enthusiasm for thrift and savings during wartime as well. The “Good Fairy Thrift” was a tale about the wicked witch, “Wastefulness”, and how she wrecked the American home and country. She was defeated when the good fairy “Thrift” came to save the people and the land (Tucker, 1991).

Many of the promotional efforts to stimulate thrift and savings in School Savings Banking systems were adopted for the wartime campaigns targeted at children and youth. Poster, essay, and classroom competitions were common—with war savings and patriotism added to the motivations for participation. In an Ohio school during the war, two “Bring ‘Em Back Clubs” (referring to bringing soldiers back from Europe) were organized in each classroom—with boys and girls in rival selling clubs; each class’s top seller was given a special button to wear (Tucker, 1991). Stamp-selling contests were common throughout the year, and even continued during summer vacation.

The mobilization of children and youth in the WWI savings campaign transformed the schoolhouse and school day activities in significant ways. The presence of the campaign was great, and therefore school children that could not afford to buy stamps met shame and embarrassment. Failure to buy stamps brought charges of being unpatriotic and pro-German (Tucker, 1991). Tucker notes that by the summer of 1918, the War Savings campaign took on the tone of a “patriotic crusade which had silenced the critics of thrift,” rather than an educational effort (1991, pg. 91). Vanderlip was disappointed by this trend, and stepped up efforts in the schools to emphasize thrift education over sales of war stamps. The Division’s efforts aimed at incorporating thrift into the regular school programs. With NEA support, the Division called for thrift to become a permanent feature in the nation’s schools through school
savings banks, thrift day celebrations, and savings curriculum (Tucker, 1991). To this end, the Treasury Department produced two manuals for teachers on thrift instruction in schools: “Ten Lessons in Thrift” (May 1919) and “Fifteen Lessons in Thrift” (August 1919).

In addition to the schools’ efforts, the Boy Scouts of America sold Liberty bonds and stamps during the war. At this time, the 320,000 Boy Scouts across the country were assigned five million pledge cards for soliciting signed stamp orders (Tucker, 1991). Boy Scouts who reached pledge goals of $25 worth of orders received Achievement Buttons, and received WSS (War Saving Stamp) Ace Medals for $250 worth of orders (Tucker, 1991). The wartime efforts of the Boy Scouts were a precursor to the significant sales by youth during the Second World War (Samuel, 1997).

The War Savings Campaign during World War I continued the growing trend of thrift education and school savings banking in American schools. The Treasury Department’s desire to encourage thrift and savings among the general public and children complemented the activities and goals of both movements. The War Savings Campaign took full advantage of school systems that were already organized for savings through school savings banking. They had the cooperation of teachers, school administrators, and bankers. In such schools, the transition to saving for war stamps and bonds was streamlined and facilitated through their efforts. Many of the strategies previously used to promote thrift and savings in school banking systems were adopted by the war savings campaign. During the war, children, teachers, and school administrators responded enthusiastically to the U.S. government’s call for thrift and savings. This arrangement between the U.S. Treasury Department and school savings banking emerges again during World War II with even more vigor and enthusiasm from school children.

**Policy Implications**

What can policymakers learn from the Progressive-era savings institutions, moral reformers, thrift education, and school savings banking systems that is relevant for contemporary school savings and asset-based policy for children and youth? First, examine what factors are absent today that supported such robust school-based savings movements in the Progressive-era. Secondly, we draw attention to factors that are consistent today, as well as factors that may hinder re-emphasis on thrift and school-based savings. Lastly, we offer preliminary recommendations for contemporary asset-based programs for children and youth. Most striking during the Progressive period was the prevalence of and emphasis on thrift education for children. Thrift was taught in the school curriculum and school activities, as well as in church and youth clubs. Thrift education was promoted and actively supported by bankers, educators, moral reformers, agencies, churches, professional associations, and government officials. The wide scale institutional supports of thrift and savings were significant in the development of thrift education and the school savings banking movement, but are lacking today in a systematic fashion. Strong supporters included the National Education Association, American Society for Thrift, YMCA, and YWCA. Thrift and savings are not a primary focus of such organizations today. Furthermore, the declining role of the church vis-à-vis the state has resulted in diminished power of Protestant values in school textbooks. In the nineteenth century, Protestant values were explicitly taught in public schools, with their emphasis on thrift, diligence, and providence.
Savings institutions directed at the small saver, such as the Penny Provident Fund and postal savings, were also more prevalent in the Progressive-era. Such funds and programs offered the poor and working poor opportunities to make very small deposits. Many poor individuals today do not have checking or savings accounts of any kind. Obviously absent today is any kind of government savings campaign to foster patriotism and focus Americans’ attention to thrift, savings, and conservation for their country. However, a permanent U.S. Savings Bond program did develop in 1935, which has been targeted at the ordinary saver. The program persists today and actively targets children for its yearly Savings Bond Poster Contests (Bureau of Public Debt, 2001).

Some factors today may hinder a re-emphasis on thrift and school-based savings. Contemporary society boasts of the principles of free-market capitalism, and reflects a consumerist culture. Everywhere there is advertising encouraging one to buy this or that and what is readily available, reflecting a borrow and spend mentality. Children have access to more expendable cash than in any previous time period. Indeed they are a primary target group of marketing and advertisers. Reliance on credit is prevalent and seen as normative. There is a vast market dedicated to high-interest, quick money turn-around: payday loans, car title loans, cash-advances, and predatory lending. Also, public school systems today may be unable to make thrift education a central part of school curriculum.

Turning to factors that are consistent today, there is a revival of moral reform ideology (Schwartz, 2000; Katz, 1993, 1995, 1996). The Personal Responsibility and Work Opportunity Reconciliation Act (1996), instituting welfare reform, exemplifies moral reform ideology and its attendant solutions to poverty. The underlying values evoke those of the Progressive-era: individualism, frugality, savings, self-sufficiency, independence, diligence, and providence. In contrast to Lyndon Johnson’s War on Poverty, the 1996 welfare reform holds that the solution to poverty lies in altering individuals’ behavior, not radical societal reform. Because of this ideological revival, such values may resonate with parents, educators, and bank officials today and thus facilitate school savings initiatives.

Along these lines, the existence of public-private partnerships is strong today and widely supported. As in the Progressive-era, commercial banks and the private sector in general sometimes work closely with public schools. For example, when Missouri Governor Bob Holden was State Treasurer, he instituted a Bank-at-School program for Missouri’s children and youth called Dollar$ & Sense (1999).

The influx of immigrants into the United States today is comparable to the levels of immigration in the early twentieth century. American social institutions are being challenged to meet the needs of culturally diverse populations, and to respond in ways that reflect cultural pluralism instead of the assimilationist stance of the Progressive-era. Immigrants were pressed to show their loyalty to America during the first World War savings campaign under Wilson’s “100% Americanism” slogan (Samuel, 1997). And immigrant children were sometimes shamed and harassed if they were not able to make savings deposits or purchase war stamps. Understanding and responding to the specific cultural context and meanings surrounding savings and thrift for diverse populations is an important task for policymakers.
Appendix A:

School Savings Bank Card (1886)

Source: Oberholtzer, 1892, pg. 24
# Appendix B

## Table of School Savings Banks (1891)

<table>
<thead>
<tr>
<th>Cities and Schools which have adopted the system</th>
<th>No. of Sch’ls</th>
<th>Date of Introduction</th>
<th>No. of Scholars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Island City</td>
<td>14</td>
<td>30 March 1885</td>
<td>5,179</td>
<td>$37,395.94</td>
</tr>
<tr>
<td>Rutland</td>
<td>6</td>
<td>27 February 1885</td>
<td>1,300</td>
<td>$4,036.01</td>
</tr>
<tr>
<td>Islip, Long Island</td>
<td>1</td>
<td>30 September 1885</td>
<td>285</td>
<td>2,032.17</td>
</tr>
<tr>
<td>Elmira</td>
<td>4</td>
<td>16 October 1886</td>
<td>2,229</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Lincoln</td>
<td>12</td>
<td>8 February 1887</td>
<td>5,215</td>
<td>$20,607.37</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>6</td>
<td>24 April 1887</td>
<td>2,583</td>
<td>$16,009.23</td>
</tr>
<tr>
<td>Hornellsville</td>
<td>4</td>
<td>35 January 1888</td>
<td>2,600</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Y. M. C. Institute</td>
<td>1</td>
<td>1 March 1888</td>
<td>610</td>
<td>$1,051.64</td>
</tr>
<tr>
<td>Jamestown</td>
<td>10</td>
<td>46 September 1888</td>
<td>2,547</td>
<td>$5,311.31</td>
</tr>
<tr>
<td>Buffalo</td>
<td>4</td>
<td>8 October 1889</td>
<td>2,531</td>
<td>$4,564.81</td>
</tr>
<tr>
<td>Kings]n [arch of 3</td>
<td>1</td>
<td>1 November 1889</td>
<td>500</td>
<td>$590.91</td>
</tr>
<tr>
<td>Olean</td>
<td>7</td>
<td>2 January 1890</td>
<td>2,500</td>
<td>$250.00</td>
</tr>
<tr>
<td>Canandaigua</td>
<td>3</td>
<td>3 January 1890</td>
<td>320</td>
<td>1,352.71</td>
</tr>
<tr>
<td>Winfield, Long Island</td>
<td>1</td>
<td>4 March 1890</td>
<td>250</td>
<td>$65.00</td>
</tr>
<tr>
<td>San Diego</td>
<td>12</td>
<td>49 September 1890</td>
<td>2,500</td>
<td>$5,311.31</td>
</tr>
<tr>
<td>National City</td>
<td>3</td>
<td>21 October 1890</td>
<td>250</td>
<td>$500.00</td>
</tr>
<tr>
<td>Brookline</td>
<td>12</td>
<td>31 January 1891</td>
<td>2,000</td>
<td>$5,030.34</td>
</tr>
<tr>
<td>Chester</td>
<td>13</td>
<td>27 February 1891</td>
<td>3,350</td>
<td>$8,195.03</td>
</tr>
<tr>
<td>West Chester</td>
<td>6</td>
<td>23 February 1890</td>
<td>824</td>
<td>$3,630.92</td>
</tr>
<tr>
<td>Conshohocken</td>
<td>6</td>
<td>29 April 1890</td>
<td>2,180</td>
<td>$4,283.43</td>
</tr>
<tr>
<td>West Grove</td>
<td>2</td>
<td>4 July 1890</td>
<td>160</td>
<td>299.80</td>
</tr>
<tr>
<td>Wilkesbarre</td>
<td>5</td>
<td>35 May 1890</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Omaha</td>
<td>37</td>
<td>395 May 1890</td>
<td>114,000</td>
<td>$12,650.94</td>
</tr>
<tr>
<td>Juniata</td>
<td>2</td>
<td>3 September 1890</td>
<td>135</td>
<td>165.00</td>
</tr>
<tr>
<td>Philomont</td>
<td>1</td>
<td>24 October 1890</td>
<td>280</td>
<td>$677.88</td>
</tr>
<tr>
<td>Schuyler</td>
<td>4</td>
<td>14 October 1890</td>
<td>600</td>
<td>$3,097.33</td>
</tr>
<tr>
<td>Greenville, Ohio</td>
<td>20</td>
<td>20 October 1890</td>
<td>900</td>
<td>$1,679.47</td>
</tr>
<tr>
<td>West Whiteland</td>
<td>4</td>
<td>4 November 1890</td>
<td>116</td>
<td>$134.97</td>
</tr>
<tr>
<td>South Omaha</td>
<td>37</td>
<td>395 May 1890</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Phillipsburg</td>
<td>1</td>
<td>1 January 1891</td>
<td>660</td>
<td>$1,625.00</td>
</tr>
<tr>
<td>Doylestown</td>
<td>1</td>
<td>7 January 1891</td>
<td>350</td>
<td>$1,217.53</td>
</tr>
<tr>
<td>Campello</td>
<td>1</td>
<td>6 January 1891</td>
<td>350</td>
<td>$935.24</td>
</tr>
<tr>
<td>Rockland</td>
<td>1</td>
<td>3 February 1891</td>
<td>175</td>
<td>$858.78</td>
</tr>
<tr>
<td>North Wales</td>
<td>1</td>
<td>5 March 1891</td>
<td>200</td>
<td>$564.65</td>
</tr>
<tr>
<td>Warren</td>
<td>15</td>
<td>15 April 1891</td>
<td>770</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Watervliet</td>
<td>1</td>
<td>20 June 1891</td>
<td>250</td>
<td>$149.48</td>
</tr>
<tr>
<td>Lock Haven</td>
<td>4</td>
<td>27 September 1891</td>
<td>1,200</td>
<td>$1,130.12</td>
</tr>
<tr>
<td>Y. M. C. A., West Troy</td>
<td>1</td>
<td>1 September 1891</td>
<td>38</td>
<td>7.04</td>
</tr>
<tr>
<td>Corry</td>
<td>8</td>
<td>17 January 1891</td>
<td>500</td>
<td>$976.76</td>
</tr>
<tr>
<td>Guide Rock</td>
<td>1</td>
<td>3 October 1891</td>
<td>174</td>
<td>$31.70</td>
</tr>
<tr>
<td>Mendocino</td>
<td>4</td>
<td>14 November 1891</td>
<td>475</td>
<td>$168.85</td>
</tr>
<tr>
<td>Brookville</td>
<td>2</td>
<td>17 December 1891</td>
<td>459</td>
<td>$216.61</td>
</tr>
<tr>
<td>Maryville</td>
<td>2</td>
<td>24 January 1892</td>
<td>120</td>
<td>68.80</td>
</tr>
<tr>
<td>Boys' Parlor</td>
<td>1</td>
<td>4 February 1892</td>
<td>90</td>
<td>2.00</td>
</tr>
<tr>
<td>Camden W. C. T. U.</td>
<td>2</td>
<td>26 February 1892</td>
<td>250</td>
<td>—</td>
</tr>
<tr>
<td>Phoenixville</td>
<td>2</td>
<td>26 February 1892</td>
<td>1,500</td>
<td>—</td>
</tr>
<tr>
<td>Parkesburg</td>
<td>5</td>
<td>5 February 1892</td>
<td>180</td>
<td>—</td>
</tr>
</tbody>
</table>

| Total | 285 | 1,440 | 77,560 | $270,428.76 |

Source: Oberholtzer, 1892, pg. 20-21
Appendix C

Thrift Creed (1925)

WE BELIEVE IN THE HABIT OF
SAVING BECAUSE

1. It is the foundation of a strong charac-
ter in that it builds up self-denial,
will power, and self-confidence.

2. It promotes the growth of individual
industry and responsibility.

3. It calls for intelligence in spending
and results in scientific management
of one’s personal affairs.

4. It develops forethought and removes
one of the greatest causes for worry.

5. It establishes for the thrifty person a
reputation for intelligence, diligence,
and dependableness.

6. It puts one in line for the best po-
sitions.

7. It enables one to seize business op-
portunity when it comes.

8. It secures greater and better planned
pleasures.

9. It makes one a benefactor to society,
not a beneficiary.

10. It assures national stability, prosper-
ity, and happiness.

Happy New Year 1925
BOYS’ AND GIRLS’ CLUBS
Roosevelt High School
Seattle

Source: Murphey, 1929, pg. 2
Appendix D

Collection of School Banking Magazines & Thrift Publications

Source: ABA, 1923, pg. 135
Appendix E

Brooklyn School Savings Bank

Source: ABA, 1923, pg. 109
Appendix F

World War I Propaganda Posters

Source: n.a., 1978, pg. 176-77
Bibliography


