

POSTAL SAVINGS BANKS.

The necessity for some absolutely safe place for the deposit of the savings of the people of the United States has long been recognized by all public spirited and broad minded men. The entire lack of responsibility to the depositors on the part of the stockholders of savings banks, beyond the face value of their stock and the repeated ruination of depositors by the failure of such banks, has caused many people to lose confidence in them.

The faith of the people in the absolute solvency of the United States Government has created a demand for the establishment of a postal savings department, where the savings of its citizens could be deposited with a feeling of absolute security. Many laws on the subject, differing one from the other in the manner of being put in operation have been proposed. Senator Chandler, of New Hampshire, in the last Congress advocated a bill for a public loan through the issue of postal savings notes. Senator Mitchell, of Oregon, introduced a bill in which he favored loaning the deposits to national banks and making the loans preferred claims. Senator Peffer in the Senate and Mr. Mercer in the House of Representatives offered similar measures. Senator Kyle proposed a bill by which deposits should be loaned to farmers. Senator Quay, by request, introduced a measure asking for postal savings depositories. All these bills differ somewhat in the rate of interest and minor particulars, but all of them indicate the imperative demand of the people for the enactment of some law on the subject. This is further shown by the debate at the last convention of the American Federation of Labor. The People's Party at its convention held in St. Louis on July 24, 1896, reiterated its former

[461]

declarations in favor of postal savings banks, in the following words :

“ We demand that postal savings banks be established by the government, for the safe deposit of the savings of the people, and to facilitate exchange.”

The general benefits of a postal savings department can be briefly summarized. The special reasons why the United States should establish such banks will be considered after the experience of foreign nations has been reviewed.

In general, therefore, in the first place, such a department would furnish a safe place for the earnings of the laboring classes and stimulate them to habits of saving.

Second, since there are seventy millions of people in this country, and since each one on the average has ten dollars hoarded, there is the immense sum of seven hundred million dollars which is absolutely retired from circulation. The country is crippled thereby, through a scarcity of money, which might be restored to active circulation by means of a postal savings department.

Third, there would probably be at least one thousand millions of dollars deposited by the people inside of two years, which, if used to retire government bonds, would cause the debt of the country to be held by its own citizens and relieve the country from the financial control of foreign money lenders.

Fourth, the moral tone of the citizens of the country would be elevated and their independence increased by the fact of having money on deposit, and the credit and stability of the government would be firmly defended by all having deposits with the banks from the additional incentive of self-interest.

Postal savings banks have been introduced in all of the leading countries of the world, excepting the United States, Germany* and Switzerland. Their establishment has been

* Municipal savings banks are to be found in the leading cities of the German Empire.

urged by the different postmasters-general of this country, at various times, but without success.

Recent consular reports sent from Germany show that that country with its large population and adverse conditions, is more prosperous than is generally supposed. This is due to the habits of saving and thrift of the German people. France, notwithstanding its enormous war-debt, is to-day highly prosperous, due to the well-known probity of its citizens. A distinguished French writer says:

“ It is the savings bank which has taught the workman of France how he can become a capitalist, in moderating his consumption below his production, and in amassing the excess, called savings, in a fruitful place in complete security; he learns how capital is formed and how it can at first be produced. It is in fact a school which seems to be created for the apprenticeship of industrial business. It teaches a man to govern himself, to resist bad or useless impulses and so aids in building up a sound discretion which is the first success in life.”

Banks for saving were first introduced in England in 1797 when Jeremy Bentham established his Frugality Bank. Private savings banks were sustained by private funds and influence and were maintained without expectation of profit. Trust savings banks corresponding to our private savings banks were established in 1817. Mr. Whitehead was the first to propose the idea of connecting savings banks with the government by the introduction of such a measure into Parliament in 1807, but it failed to pass. His ideas, however, were incorporated fifty years later in the bill prepared by Postmaster-General Sir Rowland Hill, which was introduced by Hon. William E. Gladstone in May, 1861. Mr. Gladstone made a remarkable speech on this occasion and carried the bill through Parliament.* The second clause of the new bill provided:

* The *London Times* supported the measure and wrote editorially:—“ The country will recognize at once the universal boon of a bank maintained at the public expense, secured by the public responsibility, with the whole empire for its capital, with a branch in every town, open at all hours, more than all giving a fair rate of interest.”

"Every deposit received by any officer of the postmaster-general appointed for that purpose shall be entered by him at the time in the depositor's book and the entry shall be attested by him and by the dated stamp of his office and the amount of such deposit shall upon the day of such receipt be reported by such officer to the postmaster-general, and the acknowledgment of the postmaster-general, signified by the officer whom he shall appoint for that purpose, shall be transmitted to the depositor and the said acknowledgment shall be conclusive evidence of his claim to the repayment thereof, with the interest thereon, upon demand made by him."

Sir Robert Peel declared that the new bill was so good a measure, that he wondered that it had ever passed. On the sixteenth day of September, 1861, the post-office savings banks were opened to depositors and on that day 435 deposits were received. At the end of the following year 2535 offices were open and nearly £2,000,000 had accumulated and ten years later it had increased to £19,000,000. There are now 11,000 post offices open in the United Kingdom for receipts and deposits, from nine in the morning until six, and on Saturdays until nine in the evening. Any person desiring to open an account is furnished with a blank form of declaration and a pass-book is issued to which the depositor fixes his signature. A person can become a depositor without going to a post office and the declaration can be signed in the presence of any person known at the office; a minister of any religious body, justice of the peace or commissioner who is authorized to administer oaths. When a depositor wishes to make a withdrawal from his account, he fills up and forwards to the postal department a notice of withdrawal which he can obtain at any office. Deposit-books are not accepted as security for money and are not liable to attachment. Deposits, however, can be transferred if so desired.

Deposits may be made:

"(a) By persons of full age and not under legal disability.

(b) By married women.

(c) By children seven years old and upwards.

(*d*) On behalf and in the names of children under seven years of age. Money so deposited is not repayable until the children attain that age.

(*e*) On behalf of insane persons by the committees of their estates.

(*f*) By two or more persons jointly on their own behalf, provided no one of them has any other account in a savings bank.

(*g*) By one person as trustee for another person also named in the account, provided the latter is not already a savings bank depositor. A person may act as trustee in any number of accounts, and at the same time have an account on his own behalf.

(*h*) By a duly registered Friendly Society upon the application of all of its trustees. In this case deposits may be made without limit.

(*i*) By a duly registered industrial and provident society, not chargeable with income tax. In this case also deposits may be made without limit.

(*j*) By a charitable or provident society, penny bank, or similar institution, through the trustees or treasurer. In this case deposits may be made to the extent of £100 in any one year, and £300 in the whole, and, if the consent of the National Debt Commissioners be obtained, without limit.

(*k*) By societies, limited companies, and other corporations, not coming under *h*, *i* or *j*, the deposits being subject to the ordinary limits.

(*l*) By vicars and rectors of parishes, and other official persons being corporations solely, the accounts being opened in their official titles. In these cases also the ordinary limits for deposits apply.

(*m*) In the name of the registrar of the county court. Under the seventieth section of the county courts act, 51 & 52 Vict. c. 43., 'trust monies' not in excess of £500, may be thus deposited; and under the seventy-first section money paid into a county court in 'equitable proceedings' may be deposited by the registrar without restriction as to amount."

Persons are not limited in making deposits or withdrawals to the office or town in which they live. Every year depositors can avail themselves of the facility for depositing and withdrawing at any of the 11,000 offices existing, irrespective of where accounts are first opened. The accounts are kept in London and money can be withdrawn on short notice. Every depositor on the thirty-first of December of each year must forward his book to the comptroller of the postal savings bank in order that the entries in the said book

may be compared with those in the hands of the postmaster-general. Interest is paid on any sum that is a multiple of a pound. The interest is added to the principal every year, but none is allowed on deposits which exceed the sum of £200.

The English Postal Savings Bank department shows a remarkable growth, and increase of business as can be seen in the annual report of Postmaster-General John Morley.* Now one out of every seven persons in England is a depositor in the postal savings banks. The withdrawals and deposits for 1892 and 1893 are given in the following table for the purpose of comparison:—

Year ending—	DEPOSITS.		WITHDRAWALS.	
	Number.	Amount.	Number.	Amount.
December 31, 1892	9,478,339	£22,845,031	3,335,068	£20,346,217
“ 1893	9,838,198	£24,649,024	3,618,721	£21,764,566

Interest to the amount £1,860,104 was credited to depositors in 1893, being £113,841 more than the corresponding sum in 1892. The total amount due to English depositors on the thirty-first of December, 1893, the close of the savings bank year, was £80,597,641, representing an increase of £4,774,562 during the year, or about a half million more than the increase in 1892. Besides this the amount of government stock held by depositors was augmented by £765,474, raising the total amount on the thirty-first of December 1894, to £6,364,494; distributed among 69,131 stock accounts.

A new “Savings Bank Act” which became a law on the thirty-first of December, 1893, extended the limit of annual deposits from £30 to £50, and also extended limits of investment in government stock. This act further permitted persons to reinvest once a year any one amount of stock sold within that year. Finally it laid down that any accumulation of money standing to a depositor's account after the maximum

*See Fortieth Annual Report of the English Postmaster-General for 1894. Pp. 11-19, 47-58.

limit of £200 has been reached, subject to certain conditions, shall be invested in government stocks. In the few days between the twenty-first and the thirty-first of December, 1893, 2702 depositors added £20, in one sum to the £30, they had already deposited within the year, representing £54,040; and in the period from the twenty-first of December, 1893, to the thirtieth June, 1894, the sum deposited in excess of the old £30 limit, reached a total of £107,323, the number of deposits being 87,876. Of these deposits 20,852 were of £50 each. A comparison of the first three months of 1893 and the corresponding period of 1894 shows a striking advance. The deposits amounted to £8,142,336 as compared with £6,765,179, the increase being £1,377,157 while the difference between the amount deposited and withdrawn (*i. e.* increase of capital) was in the first quarter of 1893 only £1,962,862. The daily average number of depositors during the year was 32,150, representing £80,552. The greatest number of deposits occurred on the thirtieth of December when 83,411 deposits were made representing £300,837.

A person in urgent need of money is allowed to withdraw as much as £10 by telegraph on the same day, and £20 on the following day; on the condition that he pays the cost of the necessary telegrams. This facility was introduced a year ago and no fewer than 21,000 depositors made use of it, withdrawing a total amount of £100,000. These applications are to be found most numerous before and after the holidays. The procedure is very simple. The depositor applies to a local post office, fills up an ordinary withdrawal form; the postmaster notes that a sufficient sum is standing to the credit of the depositor in his book and telegraphs to the London office, when, if satisfactory, he receives a telegram of advice authorizing him to pay the money. The average interval between the application of the depositor and the payment of the money is thirty-eight minutes in London and less than an hour in the rest of the United Kingdom. The minimum expense is nine shillings for the telegram of

withdrawal and its repetition and six pence for the telegram of advice. It is open to a depositor, who is anxious to save the expense of the second telegram, to ask by telegraph for the payment of his money by the post next day.

Any person desiring to save one shilling, by means of penny contributions, for deposit in the Post Office Savings Bank, can do so by purchasing penny postage stamps and affixing them to the following form :—

(FORM.)

I	I	I	I	I	I	II	Depositor's Book.	
I	I	I	I	I	I	II		
I	I	I	I	I	I	II		
I	I	I	I	I	I	II		
I	I	I	I	I	I	II	Office of Issue	
I	I	I	I	I	I	II	No. of Book	
I	I	I	I	I	I	II	Dated Stamp of	
I	I	I	I	I	I	II	Post Office re-	
I	I	I	I	I	I	II	ceiving the	
I	I	I	I	I	I	II	Postage Stamps.	

When twelve stamps have been affixed, the form may then be taken to any post office savings bank, where it will be received by the postmaster, and one shilling be allowed for the stamps, either as the first deposit in a new account then to be opened, or as an ordinary deposit if the owner of it has already an account.

Mr. Fawcett while postmaster-general stated that 58,000 new accounts were opened with the postal savings bank when this shilling system was first introduced. Mr. Morley in his reports states that 555 new schools adopted the stamp deposit system and that there are now in all 6000 schools in which the young are trained to save through the machinery of the post office. A clerk from the neighboring office comes to the school and has charge of the system. Mr. Fawcett in one of his speeches instanced a striking example of the extent to which by very slight efforts by way of saving in youth will afford substantial assistance in old age. A lad

of fifteen is commonly in the receipt of weekly wages varying from 10*d.* upwards. To put aside a penny a week is quite an imperceptible sacrifice. By such a minute act of saving, continued through life till the age of sixty, an annuity of £2, 10*s.* will be secured at that age.

The postmaster-general reported that the amount of stock investment showed a considerable increase in the year 1893. A sum of £1,544,506 was invested in that year as compared with £1,264,104 in the previous year, an increase of £280,402. The sales amounted to £711,468 as compared with £688,385 in 1892. The total amount of stock held was £6,364,492 being over three-fourths of a million more than at the end of the previous year. The number of stockholders on the thirty-first of December, 1894, was 69,000. A depositor who wishes to invest in government stock * must send to the comptroller of the savings bank department an application signed by him on a form to be obtained at any savings bank office. Such investments can be made in any post office, within seven days from the receipt of such application, the deposit account is charged with the current price of the stock purchased and is credited on the books of the government stock register. Any amount of stock from one shilling upward may be purchased, the limit for one year ending on the thirty-first of December of each year is £200; the total amount of stock standing to a depositor's credit must not exceed £500; if so the depositor must reduce the amount by sales or by a transfer to the Bank of England.

The English government has also established annuities† (pensions for old age) as well as an extensive system of insurance in connection with the postal banks. Immediate or deferred annuities of not less than £1, and not more than £100, may be purchased through the department on the life of any person over five years of age. These annuities

* See Savings Banks Investment Regulations for 1888, 1889 and 1891.

† See Annuity and Insurance Regulations of English Postal Banks, London, 1894.

are payable in equal half-yearly instalments on the fifth of January and the fifth of July, or on the fifth of April and tenth of October, according to the date of purchase. A female aged twenty-four, may purchase a deferred annuity (pension) of £1, to commence on reaching the age of sixty and to be payable half-yearly, either by an annual payment of 4 shillings 4 pence, or upon immediate payment of £5 4s. 11d. A male aged twenty-four years, may purchase a deferred annuity (pension) of £1, to commence on his reaching the age of fifty-four and to be paid half-yearly, either by an annual payment until he reaches the age of fifty-four of 4s. 4d.; or an immediate payment of £3 19s. 10d. The lives of persons of either sex between fourteen and sixty-five years of age may be insured for any amount not less than £5, and not more than £100. The lives of children between eight and fourteen years may be insured for £5. If the amount of the annuity or the insurance purchased is less than £100, further annuities and insurance may be purchased from time to time until the total amount of annuities depending on the life is £100, and the total sum insured is £100. Husband and wife can purchase an annuity of £100 and may be insured to the full amount of £100. Annuity and insurance premiums are payable through the medium of a savings bank deposit; accounts are accepted in addition to ordinary deposits for immediate investment in government stock. All amounts that may become due to a depositor or his representatives in respect to annuities or insurance will be credited to his deposit account. The following are examples of the various annuities and their cost:

A male aged sixty-five can purchase an annuity of £1, payable half-yearly for £9 13s. 4d.

A female aged seventy can purchase an immediate annuity of £1, payable half-yearly for £8 14s. 2d.

The premiums charged for insurance vary with the ages of the persons whose lives are insured and with the mode in which they are payable. The life of a male or female

between the age of twenty-one and twenty-two years of age may be insured for £10 by an annual payment throughout life of 4s. 4d; or by an annual payment to the age of sixty of 4s. 8d; or by a single payment of £4 4s. All persons insuring their lives or purchasing annuities become, if not so already, savings bank depositors; their premiums are deducted from the deposits.

Postal banks were first introduced into Canada in April, 1868, and a system prevails there similar to that in England. Postal banks are introduced in all post offices which are money order offices. Deposits of one dollar and upwards are received from any depositor, and the maximum sum that can be accepted as deposited is \$1000; only \$3000 is allowed on the books of the postmaster-general exclusive of interest. Every depositor must give name, occupation and residence and also sign the following declaration:

(FORM.)

Depositor's Book	Declaration by Depositor on
Office	making first Deposit:
No	

"I,, of do hereby declare to the Postmaster-General that I am desirous on my own behalf, to become a depositor in the Postal Savings Bank. I do hereby further declare that I am not directly or indirectly entitled to any sum or sums standing in my own name or in the names of any other person or persons in the books of said Post Office Savings Bank; and I do hereby also testify my consent that my deposits in the said Post Office Savings Bank shall be managed according to the regulations thereof."

Witness my hand this . . . day of . . . 18 . .

Signed by the said
in the presence of me

. }
. }

"I, the depositor named in the foregoing declaration declare that I clearly understand that for every deposit I shall place in the hands of a Postmaster for transmission to the Post Office Savings Bank, I must see that I receive a direct receipt from the Postmaster-General and that the Postmaster's entry in the Pass Book is not sufficient without the further receipt from Ottawa."

It can be seen from this that a depositor must sign a declaration that he is not entitled to any sum previously standing on the books of the postmaster-general at Ottawa, where a savings account is kept of every depositor.

If a depositor wishes to withdraw his deposit he fills out the following blank form, giving number of pass-book and the name of the office from where it is sent:

(FORM.)

Depositor's Book.	
Office	The . . . day of 18 . .
No	
.	To the Postmaster-General,
	Ottawa.

I hereby give notice that I withdraw the sum of Dollars, from my deposit account, bearing above number on the books of the Postal Savings Bank, and I request that a cheque may be issued for the above named sum and be delivered to me at the Post Office Savings Bank at

. Signature,	} of Depositor.
. Occupation,	
. Address,	

Deposits can be also made by a trustee on behalf of another person in the joint names of such trustee and the person on whose account such money may be deposited, but repayment shall not be made without the receipt of both parties. Interest is calculated yearly at a rate not exceeding 4 per cent per annum and is to be computed up to the first day of the calendar month when money is withdrawn.

The interest is calculated on the thirtieth of June of each year and then becomes part of the principal. Hon. D. M. Matheson, Superintendent of the Savings Branch of the Canadian Postal Department, reports that the postal banks of Canada have proven a great success from the beginning, in the system as well as in their operation. The tables on pages 42 and 43 contain a statement of the business transacted from the date of their establishment to June, 1895.

Austria introduced postal savings banks in 1868. The last report of the director of the postal savings department speaks with great enthusiasm of the success which the system has achieved in that country.* Postal banks have been established in every post office of the empire. Every depositor must affix his signature to the pass-book. The least amount accepted is fifty kreuzer (twenty-four cents). Every larger amount must be double this sum. In order to encourage the saving of smaller amounts, postal cards are issued with a five kreuzer stamp (two cents) upon it and blank spaces for other stamps. When covered by fifty kreuzers in stamps the whole is received as a deposit. Not more than one gulden (forty-eight cents) is accepted as one deposit. A secret watchword may be placed on the pass-book, in connection with the signature of identification. An account of all savings is kept in the central office of Vienna. Interest at 3 per cent is paid on one gulden and upward. The government when requested buys bonds for depositors at the market price and charges the same up to their accounts. Interest is paid on the thirty-first of December of each year and added to the principal. Amounts from one gulden to twenty gulden can be withdrawn at any time without special notice to the central department, but at least fifty kreuzer (twenty-four cents) must remain on deposit. In case the principal exceeds 1000 gulden, the depositor is notified to reduce the amount, and if after one month the amount is not reduced, the officials buy government bonds at the market price and

* See *Zwölfter Rechenschaftsbericht des K. K. Postsparkassen-Amtes*. Vienna 1895.

PERIOD.	Number of Post Office Savings Banks at close of period.	Number of deposits received during period.	Total amount of deposits received during period.	Average amount of each deposit received during period.	Amount of depositors' accounts transferred from Dominion Government Savings Bank during period.	Number of withdrawals during period.	Total amount withdrawn during period.	Average amount withdrawn during period.	Number of accounts opened during period.	Number of depositors' accounts transferred from Dominion Government Savings Bank during period.
Three months ended 30th June, 1868.	81	3,247	\$ 212,507	\$65 44	..	166	\$ 8,857 48	\$53 35	2,146	..
Year ended 30th June, 1869.	213	16,553	1,347,885	53 71	..	4,787	296,754 35	61 99	6,429	..
Year ended 30th June, 1870.	226	24,994	1,947,901	53 93	..	9,478	664,555 51	70 11	7,823	..
Year ended 30th June, 1871.	230	33,256	1,917,576	57 68	..	15,148	1,093,438 86	72 10	9,424	..
Year ended 30th June, 1872.	235	39,489	2,261,631	57 27	..	20,154	1,778,565 19	81 33	10,846	..
Year ended 30th June, 1873.	239	44,413	2,306,918	51 94	..	25,800	2,323,299 32	86 91	11,995	..
Year ended 30th June, 1874.	266	45,329	2,340,284	51 63	..	25,814	2,408,043 42	86 04	12,048	..
Year ended 30th June, 1875.	268	42,508	1,942,346	45 69	..	25,954	2,341,979 04	82 88	10,816	..
Year ended 30th June, 1876.	279	38,647	1,726,204	44 66	..	24,152	2,021,457 97	77 11	10,218	..
Year ended 30th June, 1877.	287	36,126	1,521,000	42 10	..	22,484	1,726,082 98	70 49	8,971	..
Year ended 30th June, 1878.	295	40,097	1,724,371	43 00	..	21,944	1,733,448 79	70 55	10,958	..
Year ended 30th June, 1879.	297	43,349	1,973,243	45 52	..	23,226	2,015,813 16	69 89	10,755	..
Year ended 30th June, 1880.	297	56,031	2,730,216	48 55	..	26,716	2,097,389 15	73 56	14,407	..
Year ended 30th June, 1881.	304	71,747	4,175,042	58 19	..	35,859	3,461,619 31	96 53	18,731	..
Year ended 30th June, 1882.	308	97,380	6,435,989	66 09	..	45,253	4,730,965 39	104 54	25,778	..
Year ended 30th June, 1883.	330	109,489	6,896,266	62 35	..	56,026	5,649,611 13	100 84	27,127	..
Year ended 30th June, 1884.	343	109,388	6,441,439	58 88	..	59,714	5,793,031 84	97 01	27,591	..
Year ended 30th June, 1885.	356	116,576	7,046,459	60 89	..	62,205	6,183,470 60	99 40	29,103	..
Year ended 30th June, 1886.	382	126,322	7,645,227	60 52	..	65,853	6,626,067 51	100 62	31,874	..
Year ended 30th June, 1887.	415	143,076	8,272,041	57 81	\$ 217,385 10	78,229	7,514,071 78	96 05	37,615	723
Year ended 30th June, 1888.	433	155,978	7,722,330	49 51	1,085,979 72	84,572	7,532,145 58	89 06	38,049	2,902
Year ended 30th June, 1889.	463	166,285	7,926,034	47 67	1,67,501 53	90,151	8,575,041 98	95 12	32,127	570
Year ended 30th June, 1890.	494	154,678	6,999,896	42 57	389,163 28	84,963	7,875,977 57	92 67	29,791	1,124
Year ended 30th June, 1891.	634	147,672	6,500,372	44 02	..	77,381	7,230,889 14	93 44	28,943	..
Year ended 30th June, 1892.	642	145,423	7,056,002	48 52	..	73,361	6,631,578 97	90 39	29,502	..
Year ended 30th June, 1893.	673	148,868	7,708,888	51 78	218,173 60	84,941	7,473,585 46	87 98	29,116	662
Year ended 30th June, 1894.	699	145,960	7,524,286	51 55	493,889 23	85,588	7,310,291 97	85 41	27,998	1,647
Year ended 30th June, 1895.	731	143,685	7,488,028	52 11	449,981 61	87,221	7,406,056 13	84 91	30,100	1,959
Year ended 30th June, 1896.	755	155,398	8,138,947	52 37	..	..	..	..	..	..

POSTAL SAVINGS BANKS.

43

PERIOD.	COST OF MAINTAINING THE POST OFFICE SAVINGS BANK.										Average amount stand- ing to credit of each open account at close of period.
	Number of accounts closed during period.	Number of accounts re- maining open at close of period.	Total expenses man- agement, inc. salaries, compensation to insep- tormasters, inspec- tion, printing, sta- tionery, etc.	Average cost of each transaction, viz. of each depositor	Percentage of cost of management due to depositors.	Losses sustained.	Interest allowed to depositors.	Total amount standing to the credit of all open accounts, inclu- ding interest allow- ed, at close of pe- riod.			
Three months ended 30th June, 1868.	44	2,102	\$ 8,389.43	\$ 23.4	..	..	939.37	\$ 204,568.89	\$ 97.33
Year ended 30th June, 1869.	1,319	7,212	5,898.14	20.5	.67	..	21,091.72	856,814.26	118.80		
Year ended 30th June, 1870.	2,857	12,175	8,128.12	20.5	.51	..	48,689.08	1,588,848.83	130.41		
Year ended 30th June, 1871.	4,449	17,153	11,108.40	20.1	.44	..	84,273.68	2,497,250.63	145.59		
Year ended 30th June, 1872.	6,940	21,059	12,242.34	20.1	.39	..	116,173.55	3,096,500.01	147.04		
Year ended 30th June, 1873.	9,528	28,326	15,093.78	22.7	.47	..	126,362.88	3,207,051.57	136.82		
Year ended 30th June, 1874.	10,406	24,968	14,412.71	20.7	.45	..	126,273.81	3,204,965.46	128.36		
Year ended 30th June, 1875.	10,990	24,294	12,539.59	18.7	.42	..	120,758.06	2,926,090.48	120.44		
Year ended 30th June, 1876.	11,197	21,415	14,662.14	23.7	.53	..	110,116.08	2,740,952.59	112.27		
Year ended 30th June, 1877.	9,312	24,074	15,149.13	26.2	.57	\$6,126.67	104,067.86	2,639,937.47	109.60		
Year ended 30th June, 1878.	8,597	25,535	15,266.08	25	.55	..	103,834.29	2,754,484.03	107.87		
Year ended 30th June, 1879.	8,845	27,445	16,100.03	24.5	.51	..	110,912.56	3,105,190.80	113.14		
Year ended 30th June, 1880.	10,487	31,365	19,121.14	23.3	.49	..	136,075.47	3,945,669.11	125.80		
Year ended 30th June, 1881.	10,491	39,605	23,223.90	23.2	.37	..	184,904.81	6,208,226.77	156.75		
Year ended 30th June, 1882.	13,920	51,463	23,245.68	21.9	.31	391.00	291,065.07	9,473,661.53	184.08		
Year ended 30th June, 1883.	17,531	61,059	31,168.03	20.2	.26	..	407,305.17	11,976,297.31	196.13		
Year ended 30th June, 1884.	20,939	66,682	34,168.96	20.6	.26	..	477,487.46	13,245,552.61	198.63		
Year ended 30th June, 1885.	20,931	73,322	35,761.23	20.3	.24	..	539,860.51	15,090,540.31	205.81		
Year ended 30th June, 1886.	21,555	80,870	41,358.11	21.9	.22	..	607,075.88	17,159,372.09	212.18		
Year ended 30th June, 1887.	22,585	90,159	43,661.25	20.9	.22	..	692,404.57	20,680,652.62	212.26		
Year ended 30th June, 1888.	26,704	101,093	44,348.93	19	.21	..	765,039.15	23,011,422.57	203.41		
Year ended 30th June, 1889.	29,581	113,123	51,951.46	20.7	.22	..	841,921.79	21,990,653.49	195.78		
Year ended 30th June, 1890.	33,499	112,321	51,132.07	20.8	.23	..	786,875.37	21,738,648.09	195.44		
Year ended 30th June, 1891.	32,046	111,290	60,103.65	20.7	.22	..	734,430.89	22,298,401.63	201.24		
Year ended 30th June, 1892.	29,368	110,805	57,661.49	25.7	.26	..	777,482.98	24,153,135.66	211.36		
Year ended 30th June, 1893.	26,032	114,275	57,463.24	24.9	.25	..	835,800.34	25,257,868.14	215.84		
Year ended 30th June, 1894.	27,033	117,090	56,611.98	24.5	.23	..	876,049.07	26,805,542.47	222.22		
Year ended 30th June, 1895.	731	120,638	57,116.82	24.9	.22	..	944,524.73	28,982,923.68	228.82		
Year ended 30th June, 1896.	126,412	126,412	58,340.29	24	.21	..	944,524.73	28,982,923.68	228.82		

thus reduce the deposit. Employes of the banks are required to regard all transactions as secret and confidential. The postal savings department of Austria made great progress in the last ten years. In 1878 the number of depositors was 913,347 having a bank account of 29,335 gulden and held government stock having a nominal value of 11,051,370 gulden. The average amount of each deposit in 1883 was eleven gulden, while in 1892 it was thirty-two gulden, showing a decided increase. In the year 1892 the number of depositors was 65,731; the total amount being 4,493,234 gulden and government stock amounting to 1,412,690 gulden, which was the greatest increase since the foundation of the bank. During the year 1893 the number of depositors increased to 58,059, the amount of deposits increased 4,346,209 gulden; the total number of depositors was 971,576, having 33,681 gulden on account and 33,681,438 invested in government securities.

During the year 1895 the number of deposits made in the Austrian Empire was 1,917,784, the total amount deposited was 37,160,508 gulden, the number of deposits repaid was 667,333, and the total amount withdrawn was 31,338,747 gulden. The number of deposit books issued was 1,110,091, an increase over 1893 of 14.2 per cent. From a comparison of the number of inhabitants in the Austrian half of the empire with the number of depositors it is found that 46 of every 1000 inhabitants possess a post office deposit book, whereas this number in 1893 was 41 and in 1892 only 38. The greatest activity in saving was shown by persons between the ages of ten and twenty, to whom belong 27.8 per cent of all the deposit books (1893, 28.6). Next to them come children below the age of ten years, who represent 26.4 per cent (1893, 25.6). Those between the ages of twenty and thirty represent nearly 24.03 per cent (1893, 23.9) of the deposits. Persons between the ages of thirty and forty represent only 14.5 per cent (1893, 14.8), and those between forty and fifty only 3.7 per cent (the same as in 1893). There were

eight persons above ninety years (1893, 6), who represent 0.001 per cent of the depositors. Young people up to the age of thirty form 78 per cent of the savings bank depositors in Austria, and thus show more inclination to save than older persons. The number of books issued to children during the year was 479,418 (1893, 432,839). The gratifying participation of youthful depositors is ascribed to the efforts of teachers and post office employes, who do their best to awaken in the youth the habit of saving. The rural postmen who collect deposits when on their rounds are particularly energetic. In 1895 they collected 73,366 separate sums, with a total value of 1,902,181 gulden. With respect to sex, the males exceed by 59.1 per cent (1893, 60.8) the total number of participants. The rest is composed of females, with 39.09 per cent (1893, 39.04), and societies and corporations, with about 0.9 per cent (1893, also 0.9). When divided according to language, the German-speaking inhabitants of the empire, who, as in 1893 represented 75.2 per cent of all depositors, are most numerous; 15.6 per cent (1893, 15.4) are Bohemians; 4.8 per cent (1893, 5.2) are Poles; 3 per cent (1893, 2.9) Italians; the remainder Ruthenians, Slavonians and Croatians. If the depositors are classed according to social position and profession, the largest participation is by children, school children and students, who form 43 per cent (1893, 44) of all the depositors; artisans and laborers form 15.4 per cent (1893, 14.3); domestic servants form 8 per cent; 4.8 per cent are married women and widows; 2 per cent of the depositors are military men; state and parochial officers represent 1.5 per cent. The remaining 26.3 per cent are distributed among the members of a great variety of professions and callings.

The table on page 46 gives the number and amount of the deposits and repayments for each year since the opening of the Austrian Post Office Savings Bank.

Hungary introduced postal savings banks in February, 1886. During the first year the bank only paid 13.9 per cent

DEPOSITS.			REPAYMENTS.		
Year.	Number.	Amounts.	Number.	Amounts.	
		<i>Fl.</i> <i>Kr.</i>		<i>Fl.</i>	<i>Kr.</i>
1883 . .	1,821,651	7,938,296 11	185,771	3,865,280	76
1884 . .	1,350,628	10,511,890 04	286,716	8,254,727	37
1885 . .	1,187,959	14,525,496 64	299,868	11,948,456	96
1886 . .	1,171,926	15,530,844 44	322,500	13,634,030	49
1887 . .	1,138,871	15,305,990 30	339,473	13,322,970	12
1888 . .	1,147,917	16,050,585 44	356,184	13,731,443	00
1889 . .	1,224,310	18,655,175 46	388,145	15,715,911	31
1890 . .	1,277,805	21,597,857 09	428,909	18,197,149	21
1891 . .	1,351,643	23,315,393 92	469,290	19,919,565	06
1892 . .	1,452,644	26,506,491 41	513,469	22,013,256	78
1893 . .	1,598,321	29,504,224 15	543,671	25,158,015	56
1894 . .	1,759,937	32,571,870 78	599,635	27,826,757	14
1895 . .	1,917,784	37,160,508 25	677,333	31,338,747	80
Total . .	18,410,396	269,174,624 04	5,410,964	224,926,312	09

of the expenses. In 1890 it paid 80.4 of the expenses of administration and in 1894 carried all expenses and repaid the sums advanced by the Postal Department of the empire.

Austria has established also a regular clearing and check system* in connection with its postal savings banks, offering the same conveniences as a private bank. Every bank is a savings bank and bank of deposit. Anybody who wishes to take advantage of the check system must bring his pass-book, paying one gulden and fifty kreuzer for a check book and ten kreuzer for each blank receipt. A permanent deposit of one hundred gulden, (forty dollars), is sufficient to make a person a member of the check and clearing system. No limit is placed on the amount that may be deposited, but a single check cannot be drawn for more than ten thousand gulden (\$4000).

On the ninth of May, 1881, M. Arthur Le Grand introduced a resolution in the Chamber of Deputies of France for the introduction of postal savings banks. The bill was

* See pamphlet "*Belehrung ueber das Anweisungs Clearing und Check Verkehr*," Vienna, 1893.

passed and went into operation April 9, 1881*. Prior to this date the business of savings banks had been left to private enterprise. Such banks were consequently established only in important centres, where the conditions were sure to insure success. By the establishment of postal savings banks 7000 post offices in France and Algiers became agencies of the postal department. In January, 1893, an unexplicable crisis in the financial world caused a decrease in the number of depositors of the banks of France. This was due partly to the spread of false reports, and consequently many depositors withdrew their accounts. During the crisis the amount on deposit decreased by twenty-one millions from the amount in 1892, but in 1894 the deficit had not only been made up but an increase of fifty millions was shown over the previous year. The Minister of Posts and Telegraph M. Perrier, under President Sadi Carnot, says: "I look with confidence on our Postal Savings Banks. The results obtained in this epoch justifies their establishment, even surpassing the attainments of the past †." On the first of January, 1893, ‡ the number of depositors in the postal bank was 1,973,673, and by the first of September, 1894, the number had risen to 2,224,813, a net increase of 251,140. It must be especially noted that of these 2,225,000 books, more than two-thirds were below 200 francs, showing that the greater part of the depositors are working people. Women and minors, domestic servants and artisans have been active depositors. Agricultural laborers form about 30 per cent of the clientage and minors constitute about one-third of the total depositors. The number of children to whom books was issued was 54,713, the total number now being 43,893. Communes where there are no post offices and therefore no agency of the savings banks are

* See "*Manuel des Deposants aux Caisses d'Epargne*," by Leopold Arnaud, Paris; A. Lahure, 1894.

† Report of M. Perrier, 1893.

‡ "*Rapport a. M. le President de la Republic sur les Operations de la Caisse national d'Epargne*," Paris, 1894.

visited at least once a day by rural letter carriers, who serve as intermediaries between the post office and the depositors. The Postal Bank of France receives deposits from one franc upwards and the maximum sum that can be deposited is 2000 francs. Deposits for less than one franc are received in the shape of five and ten centime postage stamps on a card. The bank pays an interest of 3 per cent while private banks pay three francs and fifty centimes for every one hundred francs. An arrangement made on the thirty-first of May, 1882, between France and Belgium, allows the citizens of each country to transfer their accounts to the other if so desired. The money of depositors is invested in government securities which are bought according to the daily quotations of the Paris Exchange. The following table shows the number of depositors in France arranged according to occupation and sex:

	Men.	Women.	Total.	Per Cent.
Proprietors of agricultural, industrial and commercial establishments	21,263	5,893	27,156	6.51
Day workers and agricultural workmen	31,067	9,238	40,340	9.68
Industrial workers	45,095	23,356	68,451	16.44
Domestics	19,754	33,284	53,038	12.74
Military and marines	20,385	97	20,482	4.92
Employers	28,743	6,248	34,991	8.41
Liberal professions	12,585	3,819	16,404	3.93
Proprietors, rentiers and persons without professions	22,987	51,088	74,075	17.78
Minors not exercising any profession	47,229	33,360	80,589	19.34
Nomades	890	177	1,067	0.25
Grand Total	249,998	166,560	416,558	100.00

The following shows the sums due to depositors and the cost of management on the thirty-first of December of every year since the establishment of the banks in France:

YEAR.	Amounts Due Depositors.		Cost of Management.		Per Cent.
	fr.	c.	fr.	c.	
1882	47,601,638	91	364,245	22	0.76
1883	77,431,414	91	481,036	50	0.62
1884	115,402,034	14	679,454	00	0.58
1885	154,155,572	47	869,437	19	0.56
1886	190,674,127	34	1,162,387	35	0.61
1887	223,519,666	19	1,254,719	22	0.56
1888	266,788,602	76	1,422,120	09	0.53
1889	332,073,912	70	1,630,117	89	0.49
1890	413,439,048	96	1,945,898	29	0.47
1891	506,379,931	30	2,555,548	70	0.50
1892	616,363,425	96	2,839,971	67	0.46
1893	610,793,920	29	3,158,059	63	0.51

Postal saving banks were established in Belgium in 1865, but modified by the law in 1869.* Before being allowed to make deposits in a postal savings bank, a person must sign a declaration stating that he possesses a sufficient knowledge regarding the laws and regulations. No deposit can be less than one franc nor more than 3000 francs in two weeks, although no limit is fixed as regards the amount recorded in the same book. When a first deposit has been made by a married woman the signature of the husband in addition must appear on the records. The public is permitted to make use of the ordinary five and ten centime postage stamps for making deposits of one franc. The inhabitants of rural districts may make deposits through the intermediary of the letter-carriers in amounts not exceeding 500 francs. For the first deposit, however, they must go to the post office. In 1886 the maximum sum upon which interest was paid was reduced from 12,000 to 5000 francs, and in 1891 was further reduced to 3000 francs, with interest at 3 per cent. The following table shows the total number of depositors classified according to profession and sex; showing that the institution extends to all classes, especially to those who earn their living by manual labor. The number

* "*Compte rendu des Operations et de Situations de la Caisse generale d'Epargne et de Retraite de la Belgique*," Brussels, 1893.

of books opened in 1893 was 79,489, of which 45,223 belong to the first four categories, and 11,425 to working women.

	Men.	Women.	Total.
Miners	1,479	7	1,502
Industrial workers exercising a trade . .	15,947	4,128	20,075
Agricultural workers and day laborers . .	11,031	2,578	13,609
Domestics	2,623	7,414	10,037
Military	4,129	. . .	4,129
Commercial employes	4,843	1,829	6,672
Professors and teachers	641	429	1,070
Officers and government employes . . .	4,703	490	5,193
Chiefs of establishments, agricultural, commercial	2,518	11,425	13,943
Proprietors, rentiers, persons without any professions, housekeepers, minors . .	43,006	34,170	77,176
Miscellaneous	3,110	149	3,259
	<hr/> 90,046	<hr/> 62,619	<hr/> 156,665

The funds received from the banks become a part of the public funds of Belgium. Depositors can buy government securities at 2, 2½ and 3 per cent. They receive a book of rents in which is found the nominal value of capital and quotations of rents. Interest is added to the principal on the fifteenth of each month and can be obtained if so desired. The savings bank is also authorized to make loans. No loans are made below 200 francs or that contain a fraction of 100 francs. Loans are made from fifteen to sixteen months and they can be renewed. They are made to all persons who can show that they are solvent and no guarantee for repayment is required.

In 1881 the Swedish Government appointed a committee of five to consider the establishment of postal savings banks, which in 1883 unanimously recommended their establishment. The king approved the measure and it became a law in 1884. The minimum amount of a deposit was fixed at one crown. Like the English shilling saving system, when savings do not amount to a crown, savings stamps of the value of ten ore

each may be used. These are issued by the post office and are like the ordinary postage stamps. For the purpose of acknowledging the receipt of deposits, the Swedish post office savings bank has adopted the system of coupon receipts of the following value: 1 crown, 2, 5, 10, 20, 50 and 100 crowns. These receipts are of different colors, and the value is printed thereon. The management is in the hands of a board of directors, which consists of the director-general of posts, who is the president, the chief clerk of the postal department and three members, one of whom is especially appointed by the king, one is a clerk of the Royal Swedish Bank, and one a clerk in the office of the public debt. A special commission of two ore is allowed the postal officials for every deposit.

That the Swedish postal savings bank has shown relatively good results is indicated by the fact that the bank, after having been in operation since the beginning of 1884, controls an invested capital of 28,000,000 crowns (\$7,560,000), divided among about 369,000 pass-books. This shows the whole population of the country, 8 per cent have pass-books with an investment of 580 crowns.

These savings are invested in bonds issued by the government, in the Bank of Sweden, or municipalities in the kingdom, and also in direct loans to municipalities of the country.

Postal savings banks were introduced in Russia in 1889 and exist in co-operation with private savings banks. The minimum amount of a deposit is fixed at twenty-five kopecks and the maximum amount to the credit of the depositor is 1000 rubles. A commission is paid to the postal and telegraph officials for the management of the postal banks. It amounts to ten kopecks for each depositor's new deposit, and a further ten kopecks for every 100 rubles deposited. The Grand Duchy of Finland introduced postal banks in 1886. The management is entrusted to a directory of three members, viz., the director-general of posts, who is chairman,

and three others; one of whom is elected from among the directors of the state's treasury.

Postal savings banks were established in the Netherlands by the law of May 25, 1886. The post office savings bank is managed by a director residing at Amsterdam, who conducts the business under the superintendence of a council of administration and a subordinate to the ministry of commerce and industry. The Bank of the Netherlands performs the function of cashier to the savings banks, an arrangement by which the settlement of accounts between the savings banks and the treasury is considerably facilitated. The difference between the deposits and withdrawals is invested by the director of the bank with the approval of the council of administration in the securities designated by law. Interest is paid to depositors at the rate of 2.64 per cent per annum. No interest is allowed either for fractions of a florin or for amounts in excess of 800 florins. The minimum amount of deposit is fixed at twenty-five cents (Dutch), but stamp forms like those used in other countries, as already mentioned, are provided with spaces for five-cent postage stamps.

Italy introduced postal savings banks May 27, 1875. Deposits are accepted from one lira to 1000 lire, and also five and ten centesimi stamps are issued for amounts less than one lira. Interest to the amount of 3.25 per cent is paid annually.

The English Colonies have introduced postal banks, modeled after the mother country. The savings bank deposits of New Zealand numbered 202,276, and amounted to £2,386,089 10s. 7*d.*, which, compared with 186,945 deposits for £1,878,270 6s. 4*d.* made the previous year, shows a very marked increase of 15,331 in number, and £507,819 4s. 3*d.* in amount.

This result was largely due, it is believed, to the crisis in banking circles in the neighboring colonies during the early part of the year. It may be of interest to mention that for the six months, from April to September, of 1894, no

less than £1,350,042 were deposited in the post office savings bank of the colony, compared with £927,807 deposited during the corresponding period of the previous year. The average cost of each savings bank transaction for the year was 4s.

Hawaii introduced postal savings banks in 1886, and the depositors in three years numbered 2641, and the deposits amounted to \$885,960.

Seventeen different bills have been introduced in Congress prior to January 1, 1896, looking to the establishment of postal savings banks in the United States. Postmaster-General Cresswell recommended their establishment in 1871, and two years later discussed the subject very fully in his annual report. He said that a system of postal deposits would not only strengthen our national finances, but, by bringing large sums into circulation, would indirectly afford our monetary and banking system the very relief of which it then stood in so much need. He declared that he felt entirely satisfied that the character of the service would be elevated and that it could be cheaply done and in the best manner by government officials controlled at every step by law, and punishable by severe penalties in case of fraud or dishonesty. * Hon. Thomas F. James, while postmaster-general, also recommended the introduction of postal banks. He said in his annual report published in 1881:

“It is my earnest conviction that a system of this description, if adopted, would inure, more than almost any other measure of public importance, to the benefit of the working people of the United States.”

Mr. Lacey, chairman of the Committee on Post Offices and Post Roads, in 1882 introduced a bill for the establishment of postal savings banks. Mr. Lacey's bill was heartily endorsed by the State's Charity Aid Association, of New York, and by other advocates of postal savings banks. †

* Annual report for 1873.

† Report submitted February 21, 1882.

It provided that none but money order offices should receive deposits; that no simple deposits should be less than ten cents or more than one hundred dollars; that no person should deposit more than one hundred dollars within thirty days, or have any more than five hundred dollars to his credit, and that interest at 2 per cent should be paid on all sums over three dollars and multiples of a dollar, beginning the first of the month following first deposit.

At the beginning of this paper the general advantages of postal savings banks were cited. It now remains to speak of the special reasons why the United States should establish such institutions.

Ex-Postmaster-General John Wanamaker, a practical business man, is an enthusiastic advocate of postal savings banks. In three annual reports* he urged their adoption, and showed that there was a steadily growing sentiment in favor of the establishment of such institutions. He showed that there were 12,000,000 of people in this country who worked for wages. The government, in the interest of better citizenship, should extend every encouragement to induce them to become savers. He demonstrated conclusively that private banks did not afford protection, that they generally were not conveniently situated nor open at hours agreeable to depositors. He also showed that in most of the states the laws for the protection of depositors were entirely unsatisfactory, and that the banks were not carried on under such conditions as to retain the confidence of their depositors. Mr. Wanamaker proposed that the Secretary of the Treasury should keep an account of all deposits by states and, to put the money into circulation, should offer the funds arising in each state as a loan to the national banks of that state at a rate of interest fixed by him, and that the same should be declared trust funds and be preferred claims against the bank. Mr. Wanamaker also suggested that the money received from deposits could be used for building

* See report for 1892.

new post offices. The government could use the money for the establishment of a postal telegraph and a postal package express, and take these agencies out of the hands of corporations.

The widespread failure of banks in recent years renders the establishment of postal savings banks an imperative duty which the government owes to the masses. Thousands have lost their savings which they had amassed by hard work and self-denial. Many of these banks were loosely and dishonestly managed and their affairs were adjusted with great loss to their depositors.

Hon. C. S. Fairchild, Assistant Secretary of the Treasury under President Harrison, said that while Attorney-General of New York he was compelled to wind up the affairs of twenty-two savings banks, with a loss to the depositors of \$4,000,000. He became convinced that the professed guardianship exercised by the state over these banks amounts to nothing. The depositors were really without protection against the dishonesty of the bank officers. Three out of every eight of the savings banks of Maine suspended between the years of 1872 to 1879, and in the State of New York twenty-two banks failed with a capital of \$4,475,661. One hundred and seventeen banks, brokers, saving banks and trust companies failed during the year ending June 30, 1891, having liabilities of over \$38,000,000 and assets of over \$20,000,000. During the three years prior to January, 1891, the failure of state savings banks and private banks in twenty-three states numbered 210, with losses amounting to over \$32,000,000. The losses in the same year in Ohio and Illinois, through the failure of state, savings and private banks, aggregated over \$8,000,000; number of banks in existence in the last year was 12,666; the number of failures was seventy-nine, and the percentage of failures 0.62, with assets amounting to \$6,125,189 and liabilities to \$11,024,628.

Hon. James N. Eckels, Comptroller of the Currency, in his annual report for 1894 says:

"No one can deny that banking has over-reached itself in many communities. Profits are sought by several institutions when one strong bank only could be able to make them." *

In advocating a system of postal savings banks it is in no antagonism to private banks existing at the present time. The private institutions will be needed as heretofore. In England the number of private savings banks did not decrease when the postal savings system was adopted. The government pays only $2\frac{1}{2}$ per cent interest, while the banks pay 3 and 4 per cent. The Hungarian post office reported in 1892:

"The private savings banks can never see a competitor in the postal savings banks, because their organization is different and because they serve a different class of people. The postal savings banks have not exercised any injurious influence on the development of private savings banks, which is shown by the circumstance that since the establishment of postal savings banks the depositors in the private banks have not decreased, but increased very materially."

The many failures of late years, however, prove the necessity for the government to interpose its restraint and exercise its powers for the protection of the people against fraud and mismanagement of private funds. Savings banks, when originally started, were for protection only, and it was not intended that money should be loaned out at a higher rate of interest, but it was to be invested in government bonds which could be converted into cash on short notice. The banks, however, loaned out money indiscriminately, taking uncertain security. Depositors who were entitled to get their money on demand were compelled to give sixty days' notice before they could obtain the same. Over one-half of the entire deposits in many of these banks were invested in mortgages, in real estate with a fictitious value, in loans of very doubtful security, and in stocks and bonds of railroads and other corporations, which had been copiously watered. Postal banks would not encroach on national banks, because

* Report of the Comptroller of the Currency, 1894, p. 10.

they are totally different in scope and character. National banks were established to lend money on personal security, to deal in exchanges, receive deposits and issue notes. They have no right to do business on borrowed capital, because they are then operating on a fictitious credit.

Postal savings banks would be a great convenience in many towns and small villages where private savings banks do not exist. In France, where there are no post offices, letter carriers serve as intermediaries for making deposits. It was ascertained by the visits of county-seat postmasters that in the New England States the average distance from the post office to the nearest saving bank was 10 miles; in the Middle States, 25 miles; in the Southern States, 33 miles, and in the Pacific Slope States, 52 miles.

Provisions for deposits and withdrawals in post offices would be a great convenience for travelers when away from home. Private banks have their doors open for depositors only a comparatively few hours, closing at 3 or 4 o'clock, while the post offices are always open until 6 o'clock.

Some have objected to the establishment of postal savings banks by the United States on the old cry of paternalism and centralization. This is the ancient and often-repeated slogan of the followers of the Manchester School, who believe in the non-interference of the state regardless of the rights and welfare of the masses. It is certainly more paternal to carry the mails than to preserve the savings of the people.

Other advantages would follow if postal savings banks were established. At the time when the new system was first discussed in England Mr. E. Chadwick, a member of the Constabulary and Police Commission of London, in a notable article published in the *Journal of Social Science*, showed that postal savings banks would be a preventive of crime. He cited a number of cases where murders had been committed on old people who had been known to hoard sums of money.

The following appeal of Ex-Postmaster-General John Wanamaker is a true expression of the conclusion of the author:

“With the undoubted evidence from every nation of the world save two, that, like the United States, have not established depositories, of the excellent results of this branch of postal service; with the agitation of this subject in this country for a quarter of a century; with the almost universal cry for it from the plain people, evidenced by letters and petitions to the department and by the newspapers throughout the country, I urgently ask that some one in each branch of the coming Congress will study the subject and endeavor to secure favorable action upon one of the many bills presented at every session to establish postal savings depositories for the people.”

EDWARD T. HEYN.

New York City.