

## CORRESPONDENCE.

## POSTAL SAVINGS BANKS.

Washington, Oct. 18, 1897.—It was in the library of his new home on Connecticut avenue that I chatted with Postmaster General Gary the other night about postal savings banks. The postmaster general is one of the wealthiest as well as one of the most thrifty of our public men. He has amassed a large fortune, and his income runs high into the tens of thousands of dollars a year. His success in a business way he largely attributes to the habits of saving which he learned through his connection with savings institutions, and he thinks postal savings banks would be of incalculable value to the people of the United States. Our conversation last night covered the whole subject of saving, and it was full of suggestions for young men. I asked Mr. Gary if he had had any practical experience with savings banks. He replied:

"I have been connected with the Baltimore Savings Bank all my business life. I have been one of the directors for more than twenty-five years, and was a depositor long before that. The first money I ever saved was put into that savings bank. As I told you once before, my father took me into his factory when I was a boy and paid me regular wages, just like the rest of the hands, in order to teach me to do business. When I had a little money ahead he advised me to deposit it in the savings bank. He told me that for every dollar that I put in he would put in another for me, so that when I came of age I would have a nice little sum with which to start life. He tried to show me how money earned money, but I don't think I understood this from what he said. Such lessons are only learned by experience."

"Did you get the lesson through the savings banks?"

"Yes," replied General Gary, "I kept up my deposits, putting in so much a week, sometimes more and sometimes less, as I was able to get the money. My father doubling my deposits as I went on. One day after I had been depositing for about a year I noticed that some figures were added to the account representing the interest for the past year. I can't remember just what the amount was, but as I looked at it I realized that I did not have to work for that. My money did the work and the thought came over me that if I could get enough money at work in this way the day might come when I would not have to work at all. The idea grew upon me, and I was more anxious than ever to increase my deposits. I became more careful about my personal expenses, and the fact taught me economy and thrift. I don't believe there is a better way to bring up a boy than by encouraging him to deposit in savings banks, and the money that my father gave me in addition to my deposits was repaid to him a hundred fold in my education from my bank account."

"This would be one of the great advantages which the country would derive from postal savings banks. It would teach our young men thrift and economy. The boys would deposit in such banks. They would be a school for the teaching of thrift."

"Have you noticed that your Baltimore savings bank has done any good along such lines?"

"Yes, indeed," replied General Gary. "The savings banks have made Baltimore one of the thriftiest towns in the United States. Nearly all our depositors are working people. We have

forty-nine thousand depositors and our deposits amount to about twenty-two million dollars."

"But would not the postal savings banks hurt such institutions by taking depositors away from them?"

"No, I think not," replied General Gary. "You see, the government would necessarily pay a much smaller rate of interest. The idea would be to make the rate very small—not more than 2 or 2½ per cent, I should think. The saving banks usually pay four per cent. People who are now getting four per cent for their money would hardly leave and invest where they would get only half that. Besides the savings banks already have more money than they can well invest and pay the interest they are paying. Within late years there has been a big reduction in the percentage of interest-bearing securities. All kinds of bonds are now being refunded at lower rates, and it is much harder now to get safe investments which bear six, seven or more per cent. Many of the savings banks have cut down the amounts that may be deposited in a week by one person. We have done it. No, I do not think it would hurt the savings banks."

"How about the building associations; I suppose you have some of them in Baltimore?"

"We have a number of building associations," replied Gen. Gary. "The first building associations of the United States were in Baltimore and Philadelphia, and I believe there are proportionately more such associations in Pennsylvania and Maryland than in other states. There is one in my little town near Baltimore which has \$70,000 invested. It will pay out when its earnings amount to \$100,000. A large number of people who invest in building associations are borrowers. They buy homes, getting the money from the associations and paying it back at the rate of so much a month. They find in this way an amount equal to little more than the rent soon pays for their homes. The result is that Philadelphia and Boston has more people who own their own homes than any other cities of the world. The borrowers, of course, would not leave the associations for the savings banks. On the other hand, those who deposit in the associations to save money get six per cent, and they would not change their investments to one which would only pay two."

"Then, who would be injured by postal savings banks?"

"I don't know of anyone who would lose by them, with, perhaps, the exception of the grog shops and the tobacco stores. The inculcation of thrift and saving taught by such banks would lead a man or boy to think twice before spending a nickel or dime foolishly. His bank account is before him and he will save for it. He might be less extravagant as to his clothes and other things, but as his savings grew he would, perhaps, think he ought to have better ones."

"But would not this saving take a great deal of money out of circulation?"

"No, indeed," replied the postmaster general. "The money would at once be invested. This would have to be a part of the scheme. It would at once go back into circulation, and that in such sums as would make it of value to the country. Postal savings banks would, in fact, largely increase the money of the country."

"Postal savings banks," Gen. Gary went on, "would put the breath of life into the dead money of the United

States. Have you ever thought what a dead thing money is when it is not in use. It is the dearest thing in the universe. There are many millions of such dead money in the country. It is hoarded away in stockings, buried under the hearthstones, tucked away behind the rafters and planted here and there in the earth, because the owners have no faith in private savings banks. They have faith in the government, and they would bring the money out and deposit it in the postal savings banks."

"Have you any idea how much of such money there is in the country?"

"You can guess just as well as I can. I have asked a number of men what they think the average of the hoarded money would amount to per capita. Some have estimated that it would be \$10, others \$15, and some less. Suppose, for instance, it was \$5 per capita. This would make the enormous sum of three hundred and fifty million dollars. I don't believe it would be less than that, though I would not like to prophesy. Such hoards are usually greater than is supposed. Some of them amount to hundreds and some to thousands of dollars. I remember the case of a woman in Baltimore, who lived in a little house, and was supposed to be worth nothing. When she died four thousand dollars in notes was found sewed inside her pillow. She had slept on the pillow at night and locked it up in trunk during the day time. I doubt whether we are as saving as the French people. Our hoards are probably not equal to theirs, but you will remember what the French did after the Franco-Prussian war. Germany demanded such an immense sum that the other nations of the world thought that France would be bankrupt. Not one thought she could ever pay it. Still, the money was raised within a few days, and France is still one of the financially sound nations of the world. Where did the money come from? It came from the hoards of the common people, who brought it out to buy the government bonds."

"Bringing this money into circulation would make times better, would it not, general?"

"I should say so," replied General Gary. "If we had three hundred and fifty million dollars thrown into circulation, we would have an era of prosperity such as the country has never seen. As it is now these hoards are like the water in a great dam which has no outlet. The water is doing nothing, but let a mill race lead off from it and the power will run factories, helping everyone in the neighborhood. Make a race out of which this dammed up money can go, and it will start the business of the country."

"But are you sure that such savings banks would bring the money out, general? Would the people not be afraid of the government?"

"No," replied General Gary, "the people of the United States believe in the government. Even those who are crying loudest against the stability of our currency are glad to get and hoard it. I have seen these very men packing away greenbacks in safe deposit boxes when they were saying that greenbacks would soon be worth nothing. They pretend that they have no faith in our currency, but their actions show that they tell what is not true."

"Can you tell me, general, in simple words what your postal savings bank scheme is?"

"I have no special scheme," said General Gary. "The subject of postal savings banks is not a new one. I only urge that the system be organized and be put into operation. The details are a matter for Congress to settle. Several bills have been introduced, but