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HISTORY OF SAVINGS BANKS.

A HISTORY
OF
BANKS FOR SAVINGS

In Great Britain and Ireland,

INCLUDING

A FULL ACCOUNT OF THE ORIGIN AND PROGRESS OF
MR. GLADSTONE'S FINANCIAL MEASURES FOR POST OFFICE BANKS,
GOVERNMENT ANNUITIES, AND GOVERNMENT
LIFE INSURANCE.

BY

WILLIAM LEWINS,

AUTHOR OF "HER MAJESTY'S MAILS."

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TO
THE RIGHT HONOURABLE
WILLIAM EWART GLADSTONE, M.P.
CHANCELLOR OF THE EXCHEQUER,

&c. &c. &c.

THE GREATEST LIVING AUTHORITY ON ALL MATTERS OF FINANCE,
WHOSE NAME IS NOW INTIMATELY AND DESERVEDLY
CONNECTED WITH ALL THAT RELATES TO
THE SUBJECT OF THESE PAGES,

This Work

IS BY PERMISSION
MOST RESPECTFULLY DEDICATED.

PREFACE.

THE present volume is offered as a contribution to the history of a number of provident schemes, which, though quietly working in the country for many years, and affecting to no small extent the social condition of great masses of the people, can scarcely be said to have found an annalist. I think I may fairly consider that the ground covered by this work has not previously been occupied. In saying so much, I do not forget the only book which has hitherto emanated from the British press on Savings Banks. Mr. Scratchley's *Practical Treatise on Savings Banks* deals, however, with the question technically, and is meant avowedly as a text-book for actuaries and those employed about Savings Banks. The present volume, on the contrary, while it may be supposed to possess some interest even for this limited circle, is not meant to take the place of the above, but seeks its public amongst general readers, and amongst those who, either from inclination in that direction, or through connexion with them as employers, take an interest in the progress of the industrial classes of our country.

Treating as this volume does of useful practical schemes and matter-of-fact topics, I have sought to avoid all matters of speculation, to speak in very plain terms and without waste of words, and, whilst noticing in their proper order all the different proposals having to do with the subject, to refrain from venturing upon any myself. My aim has been to give a full and accurate account of the early history of Savings Banks; and as subsequently to their origin the discussions in Parliament with regard to them and kindred subjects were no incorrect reflex of the feeling in the country at different periods, I have also dealt fully with the parliamentary history of these institutions. In this way Savings Bank reformers, both in and out of Parliament, and their measures of reform—many of them ending in the establishment of different kinds of supplementary banks—are made to pass under review; and the names of those who framed the original schemes, as well as of those who tried to improve upon them, are rescued, for a brief space at any rate, from a state of obscurity, if not of oblivion.

With respect to the latest modification of the Savings Bank principle, as exhibited in the measures brought about within the past few years by Mr. Gladstone, great efforts have been made—as great efforts have been needed—to treat all the questions involved fully and impartially, and to accord these important and far-reaching measures their due place amongst the other wonderful provident schemes of the present century.

Great pains have also been taken to ensure perfect accuracy, both as to facts and figures, and my acknowledgments are due to many gentlemen who are acquainted with the subject in all its bearings, who sent me information, or answered my inquiries, with great readiness and cordiality. It is less necessary to mention any of these gentlemen in this place, inasmuch as reference is frequently made to their assistance at the proper place in the body of this work; but it would be wrong to omit to state that, with regard to Mr. Gladstone's recent measures, I have had every facility granted me by the Post Office authorities for obtaining the necessary and the most recent information respecting these schemes, and that this assistance has been rendered in a manner which calls for my heartiest thanks, as the only sufficient or fitting acknowledgment.

Dealing as I have done with what Mr. Carlyle will allow to be one of the "side sources" of history, I venture to hope that some of the facts now gathered together may not be without their interest to the student of human progress in some of its highest aspects; while to all those who are directly concerned in such schemes, and to masters of workmen, to whom the concluding parts especially are more particularly addressed, this volume is offered, with some confidence that they will find much new and original matter in it, and some old matter put in a new light.

An Appendix is added, giving the Acts, or clear abstracts of Acts, at present in force for all the different descriptions of Banks for Savings, together with some of the latest statistical information which may be thought of value.

W. L.

London, May 24, 1886.

* * * * *

. Two questions connected more or less with my subject have been brought into prominence by the action of Parliament since the present work was completed, and to these questions it may not unreasonably be expected that I should in some way refer. The first, or the Savings Bank qualification in the new Reform Bill, concerns Savings Banks and Savings Bank depositors very intimately; the second question, or the proposal of Mr. Gladstone to employ a portion of the money of Savings Banks in reducing the National Debt, can scarcely be said to have an immediate bearing upon either.

With regard to the Savings Bank qualification, I may, perhaps, be permitted to say that, though received with hostility in some quarters and indifference in others, the balance appears to me to be in favour of the proposal. In most respects, if not in all, the qualification may be defended on the same grounds as the Forty Shilling Freeholds; the investment is about the same; the one is open to much the same objections as the other, and there are

similar merits in each. Votes may be manufactured under the one equally as under the other, and it is not easy to understand why those who support the one "Bye Franchise" should oppose the other. Little trouble will accrue to Savings Banks under the Act; and the money forming the qualification may oftentimes be allowed to remain in the bank, whereas under other circumstances it might be squandered in unnecessary or unprofitable expenditure. The distinction may be hard on others quite as worthy of the franchise, but who may be in some way unfortunately circumstanced; and it may seem arbitrary to those who have an equal amount invested in some other shape: but these are the sort of arguments which may be brought against Fancy Franchises of any kind with quite as much reason as against this particular one. Working men who may claim the Franchise on the Savings Bank qualification will not be able to keep the fact secret that they are depositors, and that up to a certain amount; and they must submit, on misfortune overtaking them, to be deprived of a privilege which they may have learnt to prize: but, notwithstanding all these and some other minor considerations, I cannot help regarding the Clause as, on the whole, a fair and reasonable acknowledgment of the merits and claims of many of the best portions of the community, who were not influenced by the consideration of this electoral qualification when they originally commenced the practice of provident habits, and also of the claims of others who may not be unduly influenced by the prospect of citizenship which the Clause may henceforth hold out to them.

Mr. Gladstone's recent proposal to convert the 24,000,000*l.* of Consols, invested by the nation in Savings Banks, into Terminable Annuities concerns the Nation itself much more than Savings Banks. So far, indeed, as the matter affects the trustees of Savings Banks, or depositors in them, it was settled some years ago when the money was made a book debt, and the Government became the banker, as it were, for the sum in question. What the Government now does with the money is no concern of Savings Banks. This is put so plainly by Mr. Gladstone in his Budget speech, and is at the same time so indubitable, that to quote his words is to say all that can be said on this point. "They (the trustees) have nothing to do with the money; that is a mere question of investing it with which we are alone concerned. If we lost every farthing of it, we should have to pay it to them; and if we made a profitable investment of it, it would be entirely our own affair." In one respect only is Mr. Gladstone's proposal specially satisfactory to Savings Bank officials and all who take an interest in Savings Banks. Under the operations described by the Chancellor of the Exchequer in his Financial Statement, and now familiar to every reader, the Balance estimated to be deficient, of over three millions sterling—a deficiency which has long been a bugbear in all considerations of the subject—will disappear as a separate item in the National Accounts in the process of redemption proposed. The entire scheme shows, especially and prominently, Mr. Gladstone's anxiety to reduce our enormous burden of debt. He here voluntarily proposes to cripple himself in no small degree in the matter of his resources. Should his proposals become law—and it is sincerely to be hoped they will—the process must go on, even when he or his successors may require to raise money at an obvious disadvantage; but if he be satisfied to throw the burden equally on years of prosperity and adversity, surely this is a matter on which the public generally should feel no fear.

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HISTORY

OF

SAVINGS BANKS.

CHAPTER I.

INTRODUCTORY CHAPTER.

"Archimedes was wont to say that he would remove the world out of its place, if he had elsewhere to set his foot, and truly I believe so far that otherwise he could not do it. I am sure that so much is evident in the architecture of fortunes, in the raising of which the best art or endeavour is able to do nothing, *if it have not where to lay the first stone.*"—SIR HENRY WOTTON.

THE habit of laying something by in a prosperous season for the wants of an adverse one is one of the very oldest customs in the world. All our laws, Divine and human, enjoin the exercise of providence and frugality as a social, and as a personal duty. These habits which are inculcated in Scripture as positive duties, and which find ample illustrations in many of the arrangements of nature and Providence, have been common in one form or other to all people in every country and in every age. In England, in almost everything relating to the social advancement of the industrial population, there has been a great and manifest improvement since the commencement of the present century. In nothing is this more true than in the incentives and appliances provided for the growth of provident habits amongst them. An old stocking, a hole in the floor, or a crevice in the wall, was formerly a sufficient bank for such of the poor as cared to save anything; but were that mode of investment unsatisfactory to some few, it was not possible to obtain better. The change which fifty years have wrought in the means for saving and investing small sums of money is remarkable. Not only have these savings assumed in consequence a variety of different forms, but they represent a sum which in the aggregate must be well calculated to astonish anyone who can remember anything of the last century. Before dealing, however, with this as our special subject, a few words may not be spent in vain in endeavouring to trace the gradual advancement made among the poorer classes, the causes that have led to the improvement in their condition, and the means by which the difficulties in their position have been encountered. After this it will not be inappropriate to refer to what still remains to be done.

"The nineteenth century," as Mr. Gladstone, in addressing the working men of Glasgow, has just said, "whatever else it is, is undoubtedly in a new and peculiar sense the century of the working man." "It is the century which has seen his position raised, his circumstances improved, new means organised for his benefit, new prospects opened for the future, and he has before him—I mean not the individual but the class—a prospect which, I trust, nothing can mar—of increased weight, increased consideration, increased usefulness, increased happiness in the generations to come." The Chancellor of the Exchequer might with justice have said that the second quarter of the present century has seen this great improvement inaugurated and carried on. Beginning with 1830, and letting the period of the removal of political and fiscal burdens mark the commencement of the better order of things, the progress of political economy, of social knowledge, and the favouring circumstances of the times achieved the rest. In the first quarter of the century the working population, left pretty much to themselves, or given over to the tender mercies of political demagogues, were either stolidly indifferent to any improvement, or were kept in a constant turmoil of excitement and confusion. The Reform Bill bringing political power to the better class of artisans, gave a decided stimulus to the intelligence of the people, and an impulse to the then existing means of education. This political power brought its responsibilities, and it may be fairly assumed that increased political knowledge was the result. Whether so much will be granted or no, it is certain that schools and educational establishments now began to multiply in a manner unknown to any previous decade. It was now that there came demands for knowledge, and that the demand brought forth supplies of the most practical kind. The story of the popular literary ventures of 1832—the very first of their kind—need not be repeated here, though a volume might well be written on the subject, and showing the influence which they, and other ventures to which they gave rise, have had on the intellectual progress of the people. On the demand for knowledge there followed in quick succession the removal of many barriers that stood in the way; and more important still, the remissions of, to the poor man, enormous fiscal burdens which pressed with great weight upon his energies.^[1] It would scarcely be too much to say that every year for the last thirty years the working man has found himself better able to cope with the disadvantages of his position, and, if he should so choose, to place himself to a very great extent beyond the reach of absolute want.

We have alluded to the necessity which began to be felt for the mental improvement of the

adult population; still more important were the steps taken from time to time to educate the children who are the old people and the adults of the present day. The present century, among many wonderful changes which it has witnessed, has seen a complete revolution in the means of education for the masses. Many generations since, Milton, with that clear mental vision which was in him like a kind of second sight, foretold that a time would come when the bulk of the people would get a better education "in extent and comprehension far more large, and yet of time far shorter, and of attainment far more certain, than hath yet been in practice;" and although we may not have exactly reached the point prefigured by the poet-seer, some marvellous strides have been taken during the present century. A dramatist of Milton's own period makes a man of substance reply, in answer to the query, "Can you read and write then?" "As most of you gentlemen do, my bond has been taken with my mark at it."^[2] At the beginning of the present century little had been done for the education of the masses. Grammar schools for the children of the middle classes, and Free schools, as they were called, for an infinitesimal fraction of the poor of our towns had been long established, and, so far as they went, with certain enough results; but, if we except the establishment of Sunday schools by Mr. Raikes of Gloucester in 1783, nothing had been done for the educational wants of the general poor. Malthus in his "Essay on Population," published twenty years after this date, says, "It is surely a great national disgrace that the education of the lower classes should be left merely to a few Sunday schools supported by subscriptions from individuals," adding at the same time, that the country "lavished immense sums on the poor which we have every reason to think have constantly tended to aggravate their misery." "In their education," he goes on to say, "and *in the circulation of those important political truths that most nearly concern them*, which are perhaps the only means in our power of really raising their condition, and of making them happier men and more peaceable subjects, we have been miserably deficient." What the state neglected, private enterprise took up; earnest men like Raikes and Pounds, the working shoemaker, not only set an admirable example in their own spheres of labour, but roused to action other men who applied to the work greater powers of mind and the benefits of greater system. Dr. Bell and Mr. Lancaster were two of these, who nearly at the same time expounded their views of a general scheme for educating the people; and who were strengthened in their opinion, as one of them tells us, of its necessity, by the clamour of many who held that the stability of our institutions was only sure so long as the people were kept in ignorance. Mr. Whitbread, a statesman whose name was very prominent about this time for efforts to promote the interests of the bulk of the people, tried to induce Parliament at this stage to take the subject into its consideration, by proposing a plan for the establishment of parochial schools "for the exaltation of the character of the labourer," and it would have been well if he had met with more success. As it was, the sage legislators of the day, led on by Mr. Windham, considered that such a plan would be very liable to give an education to these classes much above their condition, and Mr. Whitbread's scheme, like many other of his wise proposals to which we shall have subsequently to allude, was set aside. The work, however, had begun and could not be stopped by the attitude of the government. Dr. Bell commenced his system by the establishment of National schools; Mr. Lancaster, supported by Nonconformists principally, set up Lancasterian schools. Although there was for some time much hostility displayed between the rival factions, both organizations struck deep into the dense masses of ignorance in our towns and villages. Then came Government assistance, and gradually that system of Government education and supervision which, in spite of many objections to it, has been an untold blessing to the land.

Within the last thirty years the wise legislation of the Government has had a direct influence on the progress of the people in education, and in their social well-being. No more powerful aid, for example, was given towards the triumph of enlightenment than the passing, in 1839, of the penny postage measure, when thousands of the poorer classes became emulous of each other in learning the rudiments of education, so as to be enabled to possess themselves of the untold advantages of this wonderfully successful scheme. Mr. Laing, the celebrated traveller, after visiting the Continent, declared that the system of penny postage was far more likely to cause the spread of education among the masses than the Prussian system of education, if it came to be adopted in this country. Only second to the repeal of the taxes on correspondence was that of the reduction of the newspaper stamp duty, and, still more recently, the abolition of the paper duty. The relinquishment of these taxes redounds to the honour of those who took part in the agitation for their abolition, and who held that no artificial impediment, such as a paltry consideration of revenue, ought to stand between the people and the free circulation of thought. Lord Brougham said on one occasion that, "if newspapers, instead of being sold for sixpence, could be sold for a penny, there would immediately follow the greatest possible improvement in the tone and temper of the political information of the people." Lord Campbell once expressed a hope that newspapers would be sold for a halfpenny. Much of this has been realized, and the result has been powerful for good. On this point no one can speak with anything like the authority of Mr. Gladstone. Speaking of the repeal of the paper duty, this eloquent statesman has said within the present year, "I did to the best of my ability fight a hard battle for its repeal. And I find now that not only in its repeal was there involved the liberation of a great branch of trade, but there was involved a seed of social and moral good that has sprung up with rapidity, producing a harvest such as, I confess, I had hardly been sanguine enough to anticipate."^[3] The cheap press now finds its way into the homes of the poorest, keeps them informed of the current public events, and makes them interested and anxious in all that concerns their country and its institutions; and, inasmuch as the press of the present day is, under proper

conduct, well qualified to enlarge the minds of those whom it must instruct, it is a "seed of social and moral good" from which a constantly-increasing harvest of good fruit may be obtained.

In view of such facts it cannot be said that, during the last quarter of a century, the industrial classes have been entirely thrown on their own resources for the means of their enjoyment and improvement. Over and above the tendency of the legislation of the past thirty years, the upper classes have felt it their duty, as it is unquestionably their interest, to attend to the wants and requirements of those at the bottom of the social scale. They are the safest when the vast mass of our working population are the happiest. Dr. Chalmers must have felt this when he wrote, "I would like to see a king upon the throne, not like an unsupported may-pole among a level population, but a king surrounded by a noble aristocracy and gradations below them, shelving downwards to the lowest basis of the people." Society has been very often and very truly likened to a pyramid, at the apex of which is the throne; gradually descending, we have substantial strata of the ruling, the upper, and the middle classes, the rough and strong material at the base not inappropriately said to represent the unpolished millions of our industrial population. How far it may be considered true that the foundations of English society are laid in this great class, and how much of the social superstructure they bear on their broad shoulders, we will not attempt to decide. We will content ourselves with saying that the well or ill-being of every man forming this great social pyramid must have a direct or reflex influence on every other man. *Homo sum, humani nihil a me alienum.*

Of the hundreds of charitable and benevolent agencies set on foot to improve the condition of the English artisan we can only speak in the aggregate. We have the clearest evidence of our senses, that many of them have not been established in vain. Some of them, indeed, have been born and carried on under serious misapprehensions, fatal to their existence, and so have perished without doing half the good which the expenditure of money and time would have warranted. But this is the exception and not the rule. Under the influence of properly organised and properly conducted societies of this nature, which have been quietly working for years, there is a sensible improvement in public morals among the masses of the people. Within the memory of the present generation lewdness, profanity, and vulgarity polluted the atmosphere of most large workshops, and the effect of all this on the minds of the younger portions of the workers must have been utterly demoralizing. Then their hours of idleness were hours of mischief; in them the old proverb of "an idle brain" being "the devil's workshop" was fully exemplified; bull-baiting, cock-fighting, low drinking, and gambling were their amusements; Sunday nor weekday did their children frequent any school, nor they themselves any place of worship; they made no provision for want, sickness, or death, and in times of enforced idleness they were a terror and reproach to the country, only kept in order by the strong arm of the law. To say that all this is changed would be idle, but that much of it is changed is beyond doubt. Even humble society now quickly lays its ban upon those who would think "to rule the roast" by proficiency in vulgarity and profanity; in our large workshops we are assured that acquirements of this nature get less and less appreciation, nor do their exhibition often escape rebuke. Under better and happier influences, many of the rules and social regulations among large congregations of workmen, such as fines and footings, which have always offered great encouragement to idleness and intemperance, have either been done away with or altered for good;^[4] masters not only see it to be their interest to encourage their men where they can in habits of sobriety and prudence, but they are now often enabled to enforce regulations tending to this end which before they were almost powerless to effect.^[5]

The good results of such habits to the industrial classes themselves and to all portions of society are neither few nor doubtful. The pursuit of economy and thrift will beget, as a matter of course, self-dependence; and as soon as men become socially independent they also become self-relying and self-supplying. "Few men come to the parish who have ever saved money," said one large employer of labour before a Committee of the House of Commons on Poor Laws. Another never knew a man who had saved a pound out of his earnings who had in the end become a pauper. But the good work does not stop here. "In proportion as our men save money," said another large employer, "their morals are improved; then they come to see that they have a stake in the country, and behave better." Or, as Vegetius, describing the Roman soldier, puts it, "knowing that his property is deposited with the standards in the public chest, he never thinks of desertion, becomes attached to his standards, and in battle fights more bravely for them; according to the nature of man, who has always his heart where his treasure is." Arrived at this stage of the upward journey, the provident man feels the need of education, and must have it; he must also take a part in exerting an influence among his fellows, and even in the government of the country, and if his reading takes a rigid-turn, higher principles of duty are superadded; he will do his work, whatever it is, in every sense better. "I would rather have," said another well-known gentleman, to the Committee just referred to, "a hundred men in my employ who save money than two hundred who spend every shilling they get; the sober, saving man is always to be depended upon, and the one lot in the long run will almost do as much work as the other."

The improvement of which we have been speaking must not blind us, however, to the darker side of the picture. Notwithstanding the improvement which has been made, and the inestimable good which flows from the practice and pursuit of frugality and economy, it is

still the exception and not the rule among the bulk of our labouring population. For the hundreds who look to the exigencies of their life, there are thousands who are utterly careless of such considerations, and who, in the coarse enjoyment of the present, bury alike all thought of the past and all expectation of and hope for the future. The stigma of improvidence has long attached, and we fear must yet long attach, itself to the generality of English artisans. But for this stigma there would be no operatives in the world equal to the English operative either in wealth, intelligence, or influence. No one with any experience in the case, and with any care as to accuracy, would venture to say that the English workman, *sui generis*, is not industrious at his work,^[6] but too many can say that he is not provident in his home.^[7] The English artisan has been said to be at once the hardest worker and the hardest spender in the world. He works like a horse and spends like an ass. So foolishly, indeed, is much of this hard-earned money spent, or misspent, that it were a charity to withhold it, or if it could be done, to throw it into the sea. The consequences attending this riot of expenditure is as natural and as inevitable as any of the laws of God's government. As one who knows them well, and one who has done much for the intellectual culture of the better portion of the artisan class tells us: "In a time of prosperity they feast; in a time of adversity they *clem.*" Any depression of trade, be it even of the most transient nature, finds them totally unprepared for it; those who have been accustomed to the best wages invariably suffer the most; for, accustomed to the greatest amount of indulgences, they can do worst without it. It is such classes as these that must be reached by some means. In the improvement brought about in the social habits of the people of late years we have a happy augury of the future.^[8]

It is time that we brought these introductory remarks to a close. We have to enter upon the consideration of helps and accessories to the spread of prudential habits among the working classes. We have to direct attention to the history and working of some of those schemes which, since the commencement of the present century, have been started to teach men self-reliance and self-dependence, and how they might best help themselves. Anxious not to over-estimate the importance of the subject, we still think it not too much to say that on our industrial classes depends very much the continued and onward progress of the world. Let them but be thoughtful and sober, and these classes, which are the direct agents in our wondrous and manifold British industry, will, not only under circumstances of huge toil and no inconsiderable danger, continue to provide all classes with the necessaries or comforts of life, but they will yet strike out new paths; they will become, in the future, as they have been in the past, the skilful inventors of new instruments and new modes. No fact is more capable of proof than that almost all the successful inventions that have been given to the world to economize the strength of the human hand have been either the productions of thoughtful and industrious workmen, or of those who have risen from that class. "Deduct all," says Mr. Helps, "that men of the humbler classes have done for England in the way of inventions only, and see where she would have been but for them." Nor is this all. The list would be a long one of those who have risen by their own industry and perseverance from the lowest ranks to fill the highest positions in every department of life. "It is notorious," says Mr. Smiles, "that many of our most successful employers, and some of our largest capitalists, have sprung directly from the working classes, and to use the ordinary phrase, have been 'the architects of their own fortunes;' whilst many more have risen from a rank scarcely a degree above them. It was the prudent thrift and careful accumulations of working-men that laid the foundations of the vast capital of the middle class; and it is this capital, combined with the skilled and energetic industry of all ranks, which renders England, in the quantity and quality of her work, superior to any other nation in the world."^[9] And what the humbler classes have done for England in past times they may do, and indeed *must* do in the future, if we would keep our country in the proud position she now occupies in the world. It requires no prophetic vision to foresee that labour must yet undergo many transformations; and it is of paramount importance that the labourers themselves be not only intelligent but sober and frugal, in order that they may always compete on at least equal terms with the skilled workmen of any other nation.

It is far more difficult to point out what course of action will tend most successfully to secure the fair results of sobriety and frugality than it is to show how necessary it is that these virtues should be cultivated. "The difficulty of doing good," as one writer expresses it, "is at least equal to its luxury." The task we have undertaken is far from easy, and beset with perils, but we will endeavour to avoid all occasion of dispute. The pointing out of safe and profitable investments for the hard-earned savings of the frugal and industrious need not and should not be regarded as an invidious task. It seems to us that, as Savings Banks have to do primarily with the foundation of the habit of saving money, and indeed scarcely ever can be considered as competing with any of the numerous schemes for the investing of money, the subject should never be regarded with any jealous feeling. The principle upon which these institutions are founded "interferes," to use the words of one who has written most ably on such subjects, "with no individual action, saps no individual self-reliance." "It prolongs childhood by no proffered leading-string; it valitudinarises energy by no hedges or walls of defence, no fetters of well-meant paternal restriction. It encourages virtue and forethought by no artificial excitements, but simply by providing that they shall not be debarred from full fructification, nor defrauded of their natural reward. It does not attempt to foster the infant habit of saving by the unnatural addition of a penny to every penny laid by; it contents itself with endeavouring to secure to the poor and inexperienced that safe investment and that reasonable return for their small economies which is their just and

scanty due.”^[10] Strengthened by such testimony, we will proceed at once to sketch the history, and, as far as we are able, to show the benefits to be derived from the various kinds of banks for savings established from time to time amongst us.

[1] The following table taken from the *Statistical Returns*, presented by the Board of Trade, shows in a clear light how much of the position of the working classes must have been improved by the removal of fiscal burdens. Almost all the impositions of taxation between 1850 and 1864 have fallen upon the wealthier classes:—

	Repealed or Reduced.	Imposed.	Diminution or Addition.
	£	£	£
Customs	12,208,604	3,291,820	D. 8,916,784
Excise	5,607,000	6,380,000	A. 773,000
Property and Income Tax	16,265,000	14,764,000	D. 1,501,000
Other taxes	2,608,800	600,000	D. 2,008,800
Stamps (including succession duty)	1,428,000	2,411,200	A. 983,000
Total	£38,117,404	27,447,020	D. 10,670,384

[2] In 1846, according to the Report of the Registrar General for that year, out of the persons married in that year, one man out of three, and one woman in two, signed the register with marks. What was being done for the children of that year may be gathered from the return for 1864, where it is shown that only eighteen in 100 of those marrying in that year were unable to write their names.

[3] Speech at Newton-le-willows, July 22, 1865.

[4] By way of giving an example of our meaning, we would adduce the case of the workmen employed in the large brass works of Messrs. Guest and Chrimes, Rotherham. When one of their number, for instance, gets married, instead of the accustomed hard-drinking, the men and their wives drink tea together, and a piece of furniture of substantial value is presented to the newly-married pair, paid for out of the subscriptions by the men. On one of these occasions it is related, that the head of the firm was asked to present articles which had been bought for two newly-married couples, and Mr. Guest complied and introduced the business as follows: “The custom you have adopted deserves the warmest commendation and support, and is well worthy of superseding those footings, fines, treats, &c., which, until recently, had become a source of the most cruel, heartless, and unjust robbery to which workmen could possibly be exposed by each other. Thank God that wicked system is fast passing away.”

[5] In 1851-2 a large and well-known engineering firm in Leeds had a serious struggle with their workmen on account of the masters having determined to pay the men according to their merit and the character of the work turned out. A determined strike was the result, which, though the original difference was only with eight men, threw eventually more than 600 out of employment. Fresh hands were obtained with the usual difficulty, and these were subjected to great annoyance and even danger; in eighteen months, however, the works were again all going and were efficiently manned. The masters henceforth made it a condition of employment under them that no member of a trades' union should be engaged, and the sequel was a better behaved and superior class of men. Not only so, but the masters are now enabled to make their own regulations for the benefit of those employed under them, which before, owing to the interference of the trades society, they could not make. They have instituted a sick and funeral fund to which the men contribute by working *ten minutes additional time when necessary*, an arrangement which we recommend to other large employers of labour and large bodies of workmen. That the masters should be acquitted of any selfish motive, they allow the funds to be managed and applied by a committee of workmen appointed by themselves from their own number.

[6] “No labourer,” says Mr. Smiles in his *Workman's Earnings, &c.*, “is better worthy of his hire than the English one. It is not merely that he works harder than the labourer of any other country, but he generally produces a better quality of workmanship. He possesses a power of throwing himself bodily into his occupation, which has always been a marvel to foreigners;” and he then recurs to the well-known example of the surprise created among the French peasantry when gangs of English navvies proceeded with the works of the Rouen railway, and worked amidst constant exclamations, of «Voilà! voilà ces Anglais! comme ils travaillent!»

[7] We put the matter quite mildly here, though it is customarily and very properly spoken of much more severely. For example, Mr. Norris, one of the Government inspectors of schools, in speaking of the well-paid miners and iron workers of Staffordshire—who doubtless are little worse than the same classes throughout the country—says in one of his able reports: “Improvvidence is too tame a word for it—it is recklessness; here young and old, married and single, are uniformly and almost avowedly self-indulgent spendthrifts. One sees this reckless character marring and vitiating the nobler traits of their nature. Their gallantry in the face of danger is akin to foolhardiness; their power of intense labour is seldom exerted except to compensate for time lost in idleness and revelry; their readiness to make “gatherings” for their sick and married comrades seems only to obviate the necessity of previous savings,” &c.

[8] Much of what we have said in the foregoing pages is admirably summed up in a sentence or two in an article on “Savings Banks,” which we would not be far wrong in attributing to Dr. Wynter, and which we had not seen before these pages were written: “Contemporaneously with the growth of savings banks, we have seen a growth of civilization among the poorer classes. Thrift has not effected *all* that amelioration of morals which contrasts so happily the mid years of the century with its younger ones; but it has been no mean confluent to the tide of progress, the softening of manners, the spread of education, the humanising of popular sports and pastimes, the wakening up of the natural dignity and self-reliance of the people,—the broad and indispensable basis of every other virtue.”—*London Review*.

[9] *Quarterly Review*, 1859.

[10] Mr. W. R. Greg in the *Edinburgh Review*, 1853, p. 406.

CHAPTER II.

ON THE ORIGIN OF SAVINGS BANKS.

"It would be difficult, we fear, to convince either the people or their rulers that the spread of Savings Banks is of far more importance, and far more likely to increase the happiness and even the greatness of the nation, than the most brilliant success of its arms, or the most stupendous improvements of its trade or its agriculture. And yet we are persuaded that it is so."—*Edinburgh Review*, 1818.

GREAT BRITAIN can with justice, we think, lay claim to the original establishment of the system of Savings Banks. One well-known writer^[11] on this and cognate subjects has traced them to Switzerland, if not to Hamburg, at a time prior to any experiments with them in this country; but from the best investigation we have been able to make, the institutions in question were something very different from Savings Banks as English people understand them, dealing, as they did, in business more like the sale of deferred annuities. The institution at Hamburg, which is said to have been founded in the year 1778,—and which is interesting to readers of history as being one of those whose coffers the First Napoleon swept of their funds, thus giving it its death blow,—simply took the spare cash of domestic servants and handicraftsmen, and granted annuities on the members arriving at a certain age. No withdrawal of money was allowed. In this country the first proposals for a bank for savings were made in 1798 or 1799, according to the judgment of the reader as to which of the two original schemes best deserves the name of Savings Bank, or whether either of them is entitled to the honour. The two persons whose names it is customary to speak of in connexion with the earliest people's banks are those of the well-known Priscilla Wakefield, and the Rev. Joseph Smith of Wendover. In the mind of each of these estimable persons we think the question of becoming the bankers for the poor around them was at first only a subordinate measure, and quite auxiliary to other matters deemed of greater importance. Mrs. Wakefield's scheme arose out of a well-meant anxiety to better the condition of the weaker and more defenceless portions of the community, an object to which she devoted much of her literary ability, and was first started in 1799, for the benefit of women and children in her own village of Tottenham, and under her immediate superintendence. Members paying according to their age certain sums per month became entitled to a pension after sixty years of age; in case of sickness, four shillings a week; in case of extraordinary misfortune a certain amount could be withdrawn; in case of death a sum of money was allowed for the funeral. Honorary members paid subscriptions, which went to meet deficiencies and current expenses. In 1801 there was added, first, a fund from which loans were made to those who had been members for six months; and second, a regular bank for savings. The interest given in the latter case was the same as that charged in the former, or five per cent. The clauses relating to children were such as almost to entitle the founders to the honour of being the originators of Penny Banks, if nothing else; juveniles were encouraged to deposit their penny per month, which was kept for them, along with interest, until such a time as the accumulation was needed for apprentice fee, clothes, or such like object. The management of this Parent Institution, as it may well be called, was equitably divided amongst the honorary and the "benefited" members. In 1804 the Tottenham Bank was more regularly organized, and Mr. Eardley Wilmot, M.P. and Mr. Spurling, were appointed Trustees.^[12]

The Wendover institution, which was really started a year before that at Tottenham, partook at first so largely of the nature of a charity as to make it almost of the character of a private undertaking between a rich and benevolent rector and his poor parishioners. Still, there was here the germ of that of which we are in search. Mr. Smith, and two of his richer parishioners, who joined him in the work, circulated proposals in the summer of 1798 to receive any surplus money which any of the working population round them felt they could spare—provided it were not less in amount than twopence; to keep a strict account of every deposit made in this way; and then to repay the money during the winter season, or generally about Christmas, with the addition of one third of the whole, which would be allowed as interest on their deposits—or to speak, perhaps, more correctly, as a bounty for their economy. Any depositor might receive his money before Christmas on demand; and it was further stipulated that, in case of sickness or loss of employment, these fruits of his savings should not preclude him from parish relief, if otherwise he could obtain it. A Christmas dinner was the comfortable addition to the good round sum which, generally, was garnered at this time, the dinner, too, being provided by the three directors. It is rather curious that the time chosen to receive deposits was limited to Sunday evenings; but we suppose this would be justified by the scriptural text, not generally applied in this fashion, which they chose for their motto, "Upon the first day of the week, let every one of you lay by him in store, as God hath prospered him." For several years these benevolent gentlemen carried on their operations, and had generally about sixty subscribers, who deposited from five to ten pounds every season.

In February, 1807, Mr. Whitbread introduced his Poor Laws Amendment Bill into the House of Commons, and went over the whole ground of the condition and the wants and requirements of the working population in an eloquent manner. That speech—which must have been of several hours' duration—dealt with the past legislation on the subject, and commented on the various steps which ought to be taken, over and above the mere

collection of poor-rates, to alleviate the condition of the poor. After dwelling on the subject of national education, and hinting at a mode such as was eventually brought into operation many years afterwards, Mr. Whitbread went on to describe the want felt by the poor of some safe and profitable investment for their earnings; "that so few are found to make any saving may in a great degree be accounted for by the difficulty of putting out the little they can raise at a time." He described the action of Friendly Societies, and showed that at that early period they were open to the same objections that are now being continually raised against them. "Mr. Malthus,"^[13] said Mr. Whitbread, "had just proposed the establishment of county banks, but he would go farther than Mr. Malthus, and extend his principle." It seemed to him that there would be less trouble in his proposals than in the less extensive proposals of Mr. Malthus.

Mr. Whitbread then went into the matter of his proposals under this head, and we give his own words:^[14] "I beg gentlemen not to start at what I am about to suggest, which to many who hear me may be quite new, but to afford it their cool and deliberate consideration. I would propose the establishment of one great national institution, in the nature of a bank, for the use and advantage of the labouring classes alone; that it should be placed in the metropolis, and be under the control and management of proper persons; that every man who shall be certified by one Justice of the Peace to subsist on the wages of his own labour shall be at liberty to remit to the Accountant of the Poor's Fund (as I would designate it) any sum from 20s. upwards, but not exceeding 20*l.* in any one year, and not more than 200*l.* in the whole." He then proceeded to show how the money might be invested in Government Stock, in the name of commissioners to be appointed, and by this means interest would be allowed to depositors at the highest rate possible. "The plan," added Mr. Whitbread, "will be more amply detailed in the Bill itself, and such regulations are provided as will, *with the intervention of the Post-office*, give ample facilities to its execution. Gentlemen need not to be told that the perfection attained in the management of that great machine is such as to give the most easy and rapid means of communication with the metropolis, much greater, indeed, than usually subsists between the remote parts of any county and its capital town." Mr. Whitbread then went on to say, that in addition to this form of investment, the same machinery might be employed to give those who might wish it an opportunity of purchasing annuities by the payment of stated regular sums up to a certain age; and even to insure their lives. So strong, indeed, was this feeling, that he eventually proposed, as an addition to his bill, that under the same management there should be an Insurance-office for the poor, with properly-calculated tables and modes of payment. We need not here dwell upon the miscellaneous items which he fully went into in his admirable speech. He finally begged the patient attention of the House and the country to the consideration of the general outline of the plan which he had proposed, in order to encourage the labourer to acquire property, and to secure to them the certain and profitable possession of it when acquired. He had the greatest hope of a happy effect from its being put in practice. "If the poor," said he, "should be found to avail themselves of it to any extent, the advantage to them and the country would be incalculable, and the expense attending it would speedily be covered." This Bill went through several necessary stages; there was little objection manifested to Mr. Whitbread's plans for securing the savings of the poor, but there was also little anxiety to forward the measure. Mr. Whitbread in this, as in many others of his wise proposals, was far ahead of his time, and he suffered the matter to drop towards the end of the session.^[15]

One at least of the important organs of public opinion frowned upon Mr. Whitbread, and laughed at his scheme; an organ whose frown and whose laugh was no joke at that date. It has not unfrequently been a subject of remark how persistently the *Quarterly Review* stood in the way of progress, clogging the wheels of all kinds of reform. In matters of this kind, however, it generally showed a most enlightened policy, and was not unfrequently in the van of improvement instead of obstruction. It was not so always with its more powerful rival, the *Edinburgh Review*. It commented upon Mr. Whitbread's "strange project" of uniting the savings banks throughout the kingdom in one national establishment, and his minor proposals under that head, and very warmly ridiculed all. "Neither from theory nor from experience," it concludes an article, "are we able to discover any kind or degree of good as likely to result from so vast a project; though it is easy to see that it might be productive of infinite confusion, trouble, and expense. In fact, every savings bank is perfectly competent in itself to transact the whole of its affairs, and can have no great difficulty to provide the requisite facilities or securities without either disturbing its neighbours, or withdrawing the attention of Government or the Legislature *from their proper concerns*."

Before we come to the plans and exertions of Mr., afterwards Dr. Henry Duncan, of Ruthwell, we ought to speak of the original foundation of the savings bank at Bath. The idea of establishing a bank for taking the wages of industrious domestic servants only, and granting them interest for their money, originated with Lady Isabella Douglas in 1808. The managers consisted of four ladies and four gentlemen. No servant could deposit more than 50*l.*, and the entire amount of the funds in the bank could never exceed 2,000*l.* A servant might deposit up to 50*l.*, withdraw the money and place it in safety, and deposit again in the servants' bank. Interest was allowed at four per cent., and the money could be withdrawn at will. This scheme, so far as it proceeded, was very successful; so much so, that an endeavour was made in 1813 to convert it into a general savings bank, which should know no limit, either in the amount of the deposits or in the class of people from whom the deposits could be taken. For this purpose a committee, "highly respectable for their rank, ability, and benevolence," met frequently at Bath; but only to find, "after much deliberation," that these

conditions "were utterly impracticable."^[16] In 1815, the Provident Institution of Bath was projected, on very different conditions; and this time, through the exertions of Dr. Haygarth and the Marquis of Lansdowne, who was president, the bank was successfully floated. This bank was essentially the first of its kind in this country, and upon its basis have been formed almost all subsequent banks of any note. The sums deposited were invested in the public Funds, and each man's interest at this early period varied according to the price of the Funds on the day when the investment was made for him.

In November, 1815, the Provident Institution of Southampton was established, principally through the exertions of the Right Hon. George Rose, who was appointed president, and who soon afterwards wrote an account of the undertaking.^[17] The exertions of Mr. Rose on behalf of savings banks will frequently require to be spoken of in subsequent pages. The Southampton Bank was an improvement on the Bath institution, having copied several of the details of the bank at Edinburgh. The average rate of interest given was four per cent. Notice had to be given for withdrawing deposits. One regulation, new at that period, which was a suggestion of Mr. Rose, empowered the officiating clergyman or other responsible person, in adjacent parishes, to receive sums "on account of the institution," and remit them to the treasurer at Southampton. It was stipulated, however—and this had an ill effect upon the public, though the proviso was by no means unreasonable in itself—that the institution should not be answerable for the money until it absolutely reached the office. We will here refer to two other original English savings banks, quite equal in importance to those of Bath or Southampton. The Exeter Savings Bank, since better known as the Exeter and Devon Bank, was established in 1816, principally through the exertions of Sir John Acland, one of the county members. The rules of this bank limited the amount which could be deposited to 50*l.* in the first and second years, and 25*l.* in any succeeding year. The distinguishing feature about the Exeter bank was the application, attended with much greater success, of the Southampton plan of rural or branch banks. In 1817, there were sixty of these branch banks, all contributing sums to the parent bank through village clergymen, who acted as the agents. The plan only entailed a trifling expense for printing, postage, &c., and even these expenses were paid out of a fund raised by voluntary contributions. At the date of the first enactment relating to savings banks, this bank had 946 depositors, who had paid in 14,525*l.* in 1,380 deposits. The interest given was at the rate of four per cent. Within the two years of which we have spoken, only 984*l.*, or about a fifteenth-part of the deposits, were paid as withdrawals.

The original Hertford Savings Bank was a charitable concern, after the fashion of Mr. Smith's at Wendover. "The Sunday Bank," as it was called, was established about the year 1808, by the vicar of the place, the Rev. Thomas Lloyd. Sums of from sixpence to two shillings were received by the benevolent pastor from his poorer parishioners after morning service on Sundays, and in this way about 300*l.* a year was invested between 1808 and 1816. The money did not accumulate from year to year, but was repaid on New Year's day, with the addition of *ten* per cent. interest, which the vicar was able to give by the help of some charitable funds at his disposal.

We must now, without referring to other early banks, such as the important institution in St. Martin's Place, London, and other societies, turn to Dr. Duncan, whose exertions on behalf of savings banks were much greater than those of any other person, and which exertions, more than any original suggestions which he may have made with regard to them, entitle him to the foremost place in any history of savings banks. Dr. Duncan's claim to be considered the founder of savings banks rests on the ground of his having originated and organized the first self-sustaining bank, and in having succeeded in so arranging his scheme as to make it applicable not to one locality only, but to the country generally.^[18] It remains to be seen whether the bank established by Dr. Duncan in his own village answers the description here given of the distinctive character attaching to the banks of his proposing. It is very true that all the banks established up to 1810 partook very much of the character of eleemosynary institutions, supported in great part by the benevolence of the rich, and therefore very unsuitable to some localities, where the benevolent rich did not preponderate. Dr. Duncan's great merit—merit for which he has received neither enough credit nor praise, but which should entitle him to a high place in the ranks of those who have sought to do their fellow-men good service—seems to us to lie in having deeply studied the nature and wants of the industrial classes; in having modified existing proposals in order to make them suitable to the general requirements; and, finally, in having laboured with unremitting energy to make his plans known around him, and to secure their general adoption. A writer in the *Quarterly Review* of October, 1816, incidentally referring to Dr. Duncan and his proposals for parish banks, says, "It is our belief, founded on no slight investigation, that but for this Scotch clergyman, there would at this time have been found only a few insulated establishments for the savings of industry, of which the intelligent and wealthy would have had little knowledge, and from which the lower classes in general would have derived no advantage."

Henry Duncan, who was the son of a Dumfriesshire clergyman, was born at Lochrutton manse, in that county, in the year 1774. At the age of twenty-five he too was ordained a clergyman, and appointed to the charge of the parish of Ruthwell, a remote locality in the same county. When very young, it is said, he showed remarkable powers of mind; and it appears he early exercised them in writing for the young, with whom he was an especial favourite. Before he was thirty he had made great progress in geology, and a book he

published on the subject when he was about that age gained him the friendship of Dr. Buckland and Mr. Sedgwick. Perhaps, however, he showed most zeal during all the periods of his life in the prosecution of schemes for the benefit of the poor and distressed around him; and his manse in this way, lonely as it was, and far from the busy haunts of men, soon became a place of resort to much of the young and remarkable talent to be found in that part of Scotland. David Brewster, and James Grahame, the Sabbath bard, Dr. Chalmers, and Dr. Andrew Johnson, were frequent visitors beneath his roof; Robert Owen, then an amiable enthusiast in the walks of philanthropy; Thomas Carlyle, a young man who had not then emerged to fame; Robert McCheyne, and many others who subsequently rose to eminence, were friends of the village pastor, and frequently met to talk over with him different schemes of practical benevolence. "Few, indeed," says his biographer, "whose lot has been cast in a retired spot like that of Ruthwell, have been more fortunate in attaching the affection and good-will of so many of the best class of their fellow men," and the boast is neither an idle nor a vain one. Mr. Duncan must have been no ordinary man to have brought round him such a circle of friends. His literary abilities were of no mean order, but gave a charm to all he wrote. Delighting in humble usefulness, he edited, in 1809 and 1810, a number of Tracts for the instruction and moral improvement of "the lower orders," to use the vulgar term then in constant use. The greater part of the work seems to have been the production of his own pen. One series of these Tracts, called "The Cottage Fireside; or, The Parish Schoolmaster," was afterwards published separately with Duncan's name attached, and had a very large sale at the time. "In point of genuine humour and pathos," says a high authority of that period,^[19] "we are inclined to think it fairly merits a place by the side of 'The Cottagers of Glenburnie;' while the knowledge it displays of Scottish manners and character is more correct and more profound." Whether the plans which he laid for the benefit of the poor, and which occupied so much of his after life, came up at any of the *réunions* at his house, we have no means of knowing. However it was, we have Mr. Duncan's own statements to show that they were originated in his mind by the frequent discussion at that time of the question of poor-rates, and the endeavours on the part of many of his friends to prevent their introduction into Scotland. It is also clear, that though Mr. Whitbread's name is never mentioned, the parish minister had heard of his scheme, and had been much struck with it. The result of Mr. Duncan's reflections on the subject were given in the *Dumfries Courier*, with which paper he seems to have had some literary connexion. A discussion ensued in the columns of this paper, in the course of which some books and pamphlets on cognate subjects were forwarded to Mr. Duncan by Mr. Erskine, afterwards Earl of Mar. Among the pamphlets he found a very curious and ingenious paper by John Bone, the originator of a charitable institution in London, the plan of which was there sketched. The Society was called by the whimsical title of "Tranquillity, or an institution for encouraging and enabling industrious and prudent individuals to provide for themselves, and thus effecting the gradual abolition of the Poor's Rate." This pamphlet, which we have carefully examined, contains, among much matter of a visionary and impractical kind, many proposals for the safe keeping of the savings of the poor similar to those acted upon in the case of the charitable bank at Tottenham. These subordinate provisions attracted the notice of Mr. Duncan, as he himself admits, and he thought that if he could in any way reduce them to a regular scheme, the result would be beneficial to the working classes, wherever they might be adopted. He resolved to form some such scheme and give it a fair trial in his own parish, when, if successful, he would endeavour to get it introduced elsewhere. With this object he published a paper, as a sequel to the discussion he had commenced in its pages, in the *Dumfries Courier*, in which paper he directly proposed to the gentlemen of the county the establishment of a Bank for Savings in all the different parishes of the district. "The only way," said Mr. Duncan in making these proposals, "it appears to me, by which the higher ranks can give aid to the lower in their temporal concerns, without running the risk of aiding them to their ruin, is by affording every possible encouragement to industry and virtue; by inducing them to provide for their *own* support and comfort; by cherishing in them that spirit of independence which is the parent of so many virtues; and by judiciously rewarding extraordinary efforts of economy, and extraordinary instances of good conduct. Friendly Societies, excellent as they are in their way, do not in every respect appear to be calculated for this intended effect; advantages are held out which cannot always be realized, but in simple Parish Banks there can be no objection of this sort." Mr. Duncan met with little response to his appeals from the gentlemen of the neighbourhood, but he resolved to make the attempt single-handed. The fact that an institution of the kind contemplated could possibly be carried out by a single individual, however benevolently disposed, is evidence enough of that person's sagacity and perseverance; but the ordinary difficulties were greatly increased by the circumstances in which this particular parish where Mr. Duncan was located was placed. Few parishes, we are told, presented so many and such unusual obstacles to the progress of a scheme of this kind. Almost every adult member of the parish belonged to some Friendly society, and many of these found it extremely difficult to fulfil their engagements to the established societies. Again, there were few, if any, resident heritors or proprietors of the land to whom Mr. Duncan could look in any difficulty that might arise, or to whom he could look for any assistance of a pecuniary kind. Nevertheless, he resolved to commence. He had arrived at that experience of human kind which made him understand that, in even the poorest family, "there are odds and ends of income which are only too likely to get frittered away in thoughtless extravagance." Could he but induce the mass of the people to comprehend the value of the savings which might by a reasonable economy be gathered from this source alone, and could he succeed in supplying the means of investing these savings securely, affording them at the same time the prospect of a fair

rate of interest, not from charity, but from the resources of trade, he was confident the hopes he cherished would be realized.^[20] The scheme was started in May, 1810, and savings to the amount of 151*l.* were deposited under the stipulated conditions during the first year. In the two succeeding years they rose to 176*l.* 241*l.* and in 1814 to 922*l.*

Mr. Duncan's work was far from completed when even his most sanguine expectations were realized in the progress of the Ruthwell Bank. His advice and assistance was now continually sought in aid of the formation of similar institutions, both in Scotland and England. In 1813, "the Edinburgh Society for the Suppression of Beggars" conceived the idea of adding to their already extensive operations a Savings Bank on some similar principle to his. A neighbour of Mr. Duncan's, who was also a member of the Edinburgh society, communicated a full account of the Ruthwell Bank, and all the accounts of it which had up to that time been published. The opening of the Edinburgh Bank, of which we shall presently speak more at length, took place in 1814. In 1814, Mr. Duncan paid a long promised visit to Kelso, in order to forward the proposals for a Savings Bank at that place. Mr. Duncan relates^[21] that during his journey to Kelso he passed through the town of Hawick, and was much gratified to find that his scheme was freely talked of there. In the shop of one of the booksellers of the town he found a large number of copies of an account of the Ruthwell Bank wet from the press, which had been taken from the pages of the *Dumfries Courier* and supplied by himself. These handbills, which likewise gave a copy of the Rules of the Parish Bank, had been printed by order of the magistrates of the county at their ordinary meeting. Finding that his scheme had many favourers in Hawick, he promised to call on his journey home and assist them in the formation of a bank. On his arrival at Kelso an important meeting was held, with the Duke of Roxburgh in the chair, when Mr. Duncan addressed the meeting; the Kelso Savings Bank, one of the most important of the Scotch institutions, being the direct result. The number of letters which Mr. Duncan received and wrote per day is described as something enormous; they arrived by every post, not only from his own and the sister country, but even from Ireland. Not only did these letters contain requests for information and advice; but they frequently were of a controversial nature, and generally from such people, ardent friends of the poor, as required consideration and some reply. That Duncan was an agreeable and clever correspondent is evident from his published letters; that this correspondence was voluminous we can well believe. With a view of lessening the amount of his labours in this respect, he was induced to publish a full account of his scheme, together with all the rules and regulations for its working; and this pamphlet, which came out in 1814, went through three editions very rapidly. Even at this date Duncan's "Essay on the Nature and Advantages of Parish Banks" will well repay perusal, and besides, its intrinsic worth as a literary production is interesting as the first published pamphlet on a subject which will always possess attractions to the philanthropist, if to none else. We have the clearest evidence that Mr. Duncan laboured with uncommon zeal to spread a knowledge of the plans he proposed, and to help to their general introduction; and it is a matter of wonder to us, that, whilst many names are familiar to the world who did not do a tithe of the real hard work he did to benefit the poor around him, Duncan's name should be for all essential purposes really unknown, and that but for the filial regard of his son, scarcely an account of his existence should have survived him.^[22] Speaking during his life time, the *Quarterly Review* warmly noticed his labours of love: "Justice leads us to say that we have seldom heard of a private individual in a retired sphere, with numerous avocations and a narrow income, who has sacrificed so much ease, expense, and time, for an object purely disinterested, as Mr. Duncan has done." Some years before his death, in 1846, Mr. Duncan attained to the honorary degree of Doctor of Divinity, and he was for one year chosen Moderator of the Assembly of the church to which he belonged. The Duncan Institution at Dumfries, one of the few mementos of the man who did so much for Savings Banks, serves the purposes of a Savings Bank in the principal town of his native county, a statue of Dr. Duncan being very appropriately placed in front of it.

Not long after the establishment of the Edinburgh Savings Bank, there was great contention as to whether that bank or Dr. Duncan's at Ruthwell had the priority of merit on the score of general advantage. Pamphlets were written on the subject, not always without bitterness, and even the great *Reviews* interfered. The dispute was scarcely called for at that early period, seeing that posterity is best able to judge of such matters, and there was nothing dependent upon an earlier settlement. The Edinburgh bank followed the village bank by three and a half years, so it was not a claim for priority of establishment. The question as to which of the two possessed the materials best fitting it to be a model for all subsequent banks would not be so easily settled; and, in fact, this was the point in dispute. Seeing the question was one of considerable importance for many years, and is so still in an archaic point of view, we cannot do better than attempt to give some idea of the difference between them, as gathered from the two accounts now before us.^[23] Unquestionably the arrangements of Mr. Duncan suffer considerably by a comparison of points, and though we admire the character and arduous labours of the man, there is not the slightest need that we should abstain from hostile criticism of his measures. For example, Mr. Duncan laid great stress on the fact of his bank being the first self-sustaining bank, and the first not partaking to any extent of the nature of a charity. It will be seen how far this was absolutely true. The Ruthwell institution consisted of ordinary, extraordinary, and honorary members. The ordinary members were the poor who deposited their savings; the extraordinary, those who paid to an auxiliary fund an "annuity" of 5*s.*, or a single donation of 2*l.*; and honorary members were those who paid to the same fund an "annuity" of 1*l.*, or a single donation of

51. The general business of the society was transacted by a Court of Directors, consisting of a Governor, five Directors, a Treasurer, and one or more Trustees, to be chosen from the honorary and extraordinary members. The court acted under the superintendence and control of a Standing Committee, which consisted of fifteen persons chosen from the self-same kind of members. Both these bodies were subordinate again to the General Meeting, composed of all the members of the two courts mentioned, and all the ordinary members of six months' standing. We scarcely think there could be any possible necessity for such elaborate machinery. In circumstances such as the rural population of Ruthwell, were cast, one would have supposed that rules as little stringent as possible, hampered with conditions as few as possible, would be needed, to induce that population to save the trifles they could spare. Inducements were held out to encourage and reward the frugal and attentive; and so far admirable: but the system of fines inflicted upon those who did not deposit a certain sum each year was a questionable proviso. Mr. Duncan put the case very plausibly in his *Essay*, where he said the chief defect of the scheme was, originally, the want of some strong motive for regular payments; and, "as what we have no pressing motive to do at a particular time we are apt to delay till it is beyond our power to do it at all," he decided to fix a small sum as penalty, should not a certain moderate amount be deposited each year, a decision which we think was neither proper nor wise. The regulations acted upon in the case of a proposed new member were, we think, equally uncalled for, and likely to scare the well-disposed away, rather than induce them to join. Before a person's first deposit could be received, the elaborate machinery of management commenced to make inquiries into the age, the family affairs, and moral conduct of the proposed contributor, and according to the report which followed, it was considered whether his deposits would be admitted at all, or if admitted, what rate of interest it would be proper to allow. The society lodged its money with the British Linen Company, and got five per cent. interest for it. Four per cent. was the usual interest allowed to depositors; to those, however, of three years' standing whose deposits reached 5*l.*, an indulgence of the higher rate of 5 per cent. was made, provided the depositor wanted to get married; in case of his having arrived at the age of fifty-six; to his friends in case of his death; or, fourthly, in case the possession of the money *should appear to the Court of Directors*, after due inquiry, to be advantageous to the depositor or his family.^[24] To put a climax, as it were, upon this charitable disposition of a man's own hard-earned savings, we would merely recite the fifth statute, which directs that "when the depositor shall have become incapable of maintaining himself, from sickness or otherwise, a weekly allowance may be made to him, *at the option of the Court of Directors*, out of the money he has deposited."

The auxiliary fund, to which the honorary and extraordinary directors were required to contribute, was employed in awarding premiums to those who were most regular with their deposits, especially to those regular depositors who should have exhibited proofs of superior industry or virtue. It may well be thought that, in such delicate matters as were thus dealt with, differences of opinion would arise, so it was wisely provided, that any aggrieved member should have the power of appeal from the Court of Directors to the Standing Committee, and from the Standing Committee to a General Meeting, whose decision should be final. "The example set by Dr. Duncan at Ruthwell," says Mr. Smiles,^[25] "was shortly followed in many other parishes in Scotland, and in most of the principal towns in England," and, so far, we have seen this is true. What follows is certainly open to question: "In every instance, the model of the Ruthwell Bank was followed, and the vital, self-sustaining principle was adopted. The Savings Banks were not eleemosynary institutions, nor dependent upon anybody's charity or patronage; but their success rested entirely with the depositors." Our readers may judge from the details of management which we have given how far this is borne out by the facts of the case; for ourselves, we are slow to take from the merit which undoubtedly should attach to Dr. Duncan. There were, doubtless, many circumstances connected with the minister's own parish which made the arrangements to which we have referred more excusable; but there must have been many districts where the poor would never suffer themselves to be patronized, petted, or provoked in the same manner. Hence the inapplicability of the details to the country generally. Real, honest, independent workmen have always had a great dislike to be experimented upon, "raised," or "elevated," in the sense that some men use the terms; what was felt to be required at this early period was, that there should be afforded some facility for the depositing, without any unnecessary trouble or annoyance, such small sums as the poor might have to spare, and wish to save; and that this money should not only be safe, but produce interest according to its value in the market, and neither more nor less. That arrangements made with this laudable object should be accompanied with others which should have the tendency, however remote, to disgust and repel the poor, was unfortunate, to say the least. Any interference with, or superintendence over the family affairs or the private conduct of members, was likely to be, it seems to us, most irksome, and no less to the poor than to the rich. The arrangement by which various rates of interest were given to different classes of depositors, according to their good or indifferent characters, was eminently arbitrary, if not unfair.

We have already alluded to the Edinburgh Savings Bank, instituted after the parent bank at Ruthwell, and to some extent upon its model; the offspring, however, in many points presented a happy contrast to the Ruthwell Bank, in the simplicity and greater fairness with which its affairs were managed. As it is now a matter beyond doubt that many banks formed subsequently were started on the model of the Edinburgh institution, a few words of

description of its principal new features may not be out of place. All depositors were paid the same rate of interest; they deposited their savings without any preliminary investigation of any sort; and whilst the management was not left, even in part, to the classes it was designed to benefit, contributors had nothing to do but pay in such sums as suited them, and withdraw at pleasure, altogether as the classes above them would deal in the ordinary bank. From the pamphlet published in the same year as that of Dr. Duncan's, and to which we have already alluded, we are enabled to give some account of the plan of working in the Edinburgh Bank; and it is very interesting at this distant period to see how nearly identical with the modern Savings Bank this early one was, or rather, we think we ought to say, how closely the example of the Edinburgh Bank has been followed. The bank, we find, was open every Monday morning between nine and ten o'clock. No less sum than one shilling could be received. The uniform interest paid was at the rate of four per cent.^[26] The money might be paid back at any time on a mere demand and production by the depositor of his *deposit sheet*. Each depositor was furnished, on making his deposit, with a duplicate of the *leaf of the ledger* in which his account was kept; on each succeeding visit he brought the duplicate with him, and each separate transaction was entered in the ledger and on the duplicate at the same time. This arrangement, as might have been expected, soon gave place to the more convenient bank-book at present in use. It will be observed that up to this time, and some years subsequently, the Savings Banks had no connexion with Government, and the funds realized were accordingly deposited with some banking company, and, as a rule, the interest received was at a higher rate than has since obtained. One feature in the Edinburgh Bank, as in other Scotch banks of the period, is unknown at present. When the deposits of any one person amounted to ten pounds (the minimum sum received by an ordinary bank), he was presented with an interest-note upon any banking firm he chose to name for the amount. Henceforth he held an account with the bank in question, receiving a higher rate of interest, and a strengthened security for his money. The Savings Bank, however,—and this is noteworthy,—was still open to him as a bank for his small accumulations as before, and until they again amounted to the sum of ten pounds. The Edinburgh Bank, thus restricted to such small sums and simple operations, was able to get through its work with little trouble and a minimum of expense. Perhaps here the endeavour to save expense proceeded to too great an extent, and resulted in more gratuitous service than the depositing classes at any time have cared to see. No honest man would object to have the legitimate expenses of a careful management deducted from the interest of his savings. In recommending the system to others, the penurious style in which it was thought not improper to do the business is manifest in the language adopted. "It can scarcely be doubted," says the author of the pamphlet, "that in every parish and district there will be found persons benevolent enough to perform the office of attending to this work, viz. one hour per week, gratuitously, by turns; and it will be easy to procure a room rent free. Thus the only expense of management will be the purchase of stationery; and for this purpose the saving already described (a small difference between the interest paid and the interest given) will be amply sufficient, without lowering the rate of interest allowed to the contributors. It may be supposed, indeed, that some expense may be incurred for transmitting to the great house (the banking company chosen) the money deposited in the Savings Bank." "But we are persuaded," adds this man of cheap expedients, "that in every case a safe and free conveyance will be furnished by the principal proprietors or inhabitants of the parish." The growth of Savings Banks, and the progress of banking generally, soon left out of view all such minor considerations as these. Such was the excellent institution at Edinburgh, and it deserved all the success it obtained. At first it was thought that its connexion with the Society for the Suppression of Beggars retarded its progress; and it was not at all wonderful that this was the case.

Perseverance, and the laborious exertions of its originators, especially the efforts and high character of Mr. (afterwards Sir William) Forbes, soon made up what the bank may have lost by this connexion, and in five years from its formation was in every respect a decided success. Without ostentation, and without trenching in any respect on the independence of those who needed their assistance, the originators of this bank went on, not only in Edinburgh, but in other Scotch towns to which their influence extended, and with which the metropolis has always some connexion, and their endeavours to cope with the improvidence and carelessness of that period resulted, in a few years, in a complete spread of the principle. What society owes to the men who at this early date laboured with such zeal and devotion in behalf of their fellows, little thought has ever been given; the names of many of them have not even been preserved. It ought to have been far otherwise. "It would be difficult, we fear," says Francis Jeffrey in an early number of the *Edinburgh Review*, "to convince, either the people or their rulers that the spread of Savings Banks is of far more importance, and far more likely to increase the happiness, and even the greatness of the nation, than the most brilliant success of its arms, or the most stupendous improvements of its trade or its agriculture. And yet we are persuaded that it is so."^[27]

Before we close this notice of original Savings Banks, we would refer to their establishment in Ireland. The first Savings Bank in the sister country of which record is made was one established at Stillorgan in 1815, and was called the "Parochial Bank." The Rev. John Reade, the parish minister of that place, was not only the founder of this bank, but also of the second venture of the kind; for, on removing to Clondalkin, he would seem to have taken his benevolent disposition with him, and to have repeated the process among the poor of his new charge. A peculiar arrangement existed in these early Irish banks, of which no trace is found elsewhere. The deposits of each subscriber were kept separately, and open to the

inspection of the owner when he brought any fresh deposit, on which occasion he might count his money if he chose. So soon as the deposits of any person had reached 1*l.* the money was invested in Stock, and produced interest, but not till then. Both banks eventually formed the nuclei for ordinary Savings Banks after the act relating to Irish banks was passed in 1817. The Belfast Savings Bank, opened in 1810, was the first formed after the ordinary model, and has always been very successful.

[11] Mr. Scratchley's *Practical Treatise on Savings Banks*, 1st edit. p. 36.

[12] See the *Reports of the Society for Bettering the Condition and Increasing the Comforts of the Poor*, vol. iii. which contains a full account of this earliest Savings Bank.

[13] "To facilitate the saving of small sums of money and to encourage young labourers to economise their earnings with a view to provision for marriage, it would be extremely useful to have county banks, where the smallest sums might be received, and a fair interest granted for them. At present, the few labourers who have a little money are often greatly at a loss to know what to do with it; and under such circumstances we cannot be surprised that it should sometimes be ill-employed and last but for a short time."—Malthus. *Essay on Population*, 1803.

[14] *Hansard*, vol. viii. p. 887.

[15] The most important clauses of this Bill we have given in the Appendix (A). Besides its intrinsic importance, it is very interesting, as viewed in the light of subsequent measures. The similarity of Mr. Whitbread's proposals to the measures which nearly half a century afterwards have been carried out, cannot fail to strike the reader.

[16] *An Explanation of the Principles and Proceedings of the Provident Institution at Bath*. By John Haygarth, M.D., F.R.S., one of the Managers, London, 1816.

[17] *Observations on Banks for Savings*. By the Right Hon. George Rose. London, 1816.

[18] *Memoir of Dr Duncan*. By his Son, the Rev. G. J. C. Duncan. Edinburgh, 1848.

[19] *Quarterly Review*. October, 1816.

[20] *Memoir*, page 98.

[21] *Ibid*, page 105.

[22] Strange to say, Dr. Duncan's name does not find a place even in Mr. Robert Chambers's elaborate Dictionary of celebrated Scotchmen, an oversight much to be regretted.

[23] (1) *An Essay on the Nature and Advantages of Parish Banks, together with a corrected Copy of the Rules and Regulations of the Parent Institution at Ruthwell; and Directions for conducting the details of business; Forms showing the methods of keeping the Accounts, &c.* By the Rev. Henry Duncan, Minister of Ruthwell. Edinburgh. 1815.

(2) *A short Account of the Edinburgh Savings Bank, containing Directions for establishing similar Banks, &c.* Second Edition. Edinburgh. 1815.

[24] Duncan's *Essay* page 27.

[25] *Workmen's Earnings, Strikes and Savings*, page 37.

[26] One clause in the Rules states that "Interest is to be calculated by months, as the calculation by days on such small sums would be extremely troublesome, and without any adequate advantage."

[27] *Edinburgh Review*, xlix. page 146.

CHAPTER III.

EARLY LEGISLATION ON SAVINGS BANKS—1817 TO 1844.

"The promotion of economical habits amongst the people is so much a matter of national concern, that we cannot conceive any direction in which the powers of Government would be more beneficially directed than in giving effect to schemes calculated to produce such valuable social results among the humbler classes of the people."—MR. SMILES.

It was not till Savings Banks had been regularly organised in this country, and not before they had achieved some considerable success, that the Legislature interfered in any way with regard to them. That the ruling classes, however, were not slow to encourage these undertakings is sufficiently manifest, when it is remembered that the first legislation on the subject dates from 1817, or only seven years after Dr. Duncan had organised his parish bank; and further, that the purport and effect of the bill then introduced was not to embarrass and hamper the new institutions, as was too often the case with new and partially-tried measures, but to offer them protection and encouragement. Prior to 1817, Savings Banks were simply voluntary associations, established, as we have already seen, by some benevolent gentlemen, who took a sort of leading part in the affairs of their respective neighbourhoods, and who were actuated in doing so by their desire to afford to their poorer neighbours help and inducement to save money. Up to this time the confidence entertained by the poor in the integrity and well-meaning of the rich was the only security they had that their money was in safe keeping; and it is only fair to add, that, so long as Savings Banks were promoted and kept up in this semi-paternal fashion, that confidence was seldom, if ever, misplaced. Savings Banks were soon seen, however, to possess germs of national good which would require greater means of development to be brought to bear upon them; and it was quite as plainly apparent that the more they extended, the greater the necessity became that they should be legally recognised and protected. The first mention of the new institution in Parliament was made by the Right Hon. George Rose, who was at the time Treasurer of the Navy, and one of the Committee of Council for the affairs of Trade and Foreign Plantations, and who, at the close of the session of 1815, and again in April, 1816, asked leave to bring in a bill, "to afford protection to Banks for Savings." Mr. Rose, for the next two years, took a leading part in all discussions on the subject, as indeed he did on all kindred subjects.^[28] He had written on Poor Laws and Benefit Societies; and, on account of his having, towards the close of the last century, carried through Parliament a bill legalizing Friendly Societies, was generally looked upon as an authority on such subjects. The first speech of the hon. gentleman on Savings Banks was remarkably able: he referred to the immense good which such banks as those of Edinburgh and Bath had done, and were capable of doing. The instances which had come before him of persons who before the establishment of Savings Banks had never saved a penny, but who then had made ample provision for a rainy day, were cheering in the extreme. He proceeded to give particulars of several instances of the kind, mentioning them, as he put it, "to induce hon. gentlemen to exert themselves, and that they might not sit with their hands before them, believing that nothing could be done." The moral good to be expected from these banks was great and obvious. He hoped and expected that they would gradually tend to revive in the lower classes that decent spirit of independence, now almost extinct, which shrinks from accepting parochial relief; the poor man would learn to regard his own industry and labour as the source whence he was to derive temporary aid in the hour of sickness, or permanent support when the approaches of age should unfit him for active exertions. Not that this matter was applicable only to the poor; a consideration of the subject in all its bearings might well be given to it by the rich on their own account; he thoroughly believed that the poor-rates of the country would diminish in proportion to the spread of Savings Banks among the masses. *Mr. Thompson*, a Yorkshire member, expressed his warmest approbation of the proposed bill. In Yorkshire, he knew there was a great desire to establish Savings Banks of this sort, but the better classes were afraid of doing so, on account of their apparent complexity, and because they had not received up to this time the sanction or countenance of the Legislature. He hoped the provisions of the proposed bill would be as simple as possible, and afterwards that the bill and its clauses would be made as public as possible. Hundreds of working men, to his knowledge, might easily save ten shillings a week, whereas they did not then save a penny; nor could they be blamed to any great extent so long as they were without the requisite machinery for acting differently. Establish these banks, and place their working under proper Acts of Parliament, and he should then say that many who were accustomed in times of scarcity to solicit parochial relief would have no excuse for their conduct; if they did not avail themselves of the opportunity of becoming independent he would rather punish than assist them. Thus early were our legislators alive to the maxim that "the only true secret of assisting the poor is to make them agents in bettering their own condition." The *Chancellor of the Exchequer* (Mr. Vansittart) believed that nothing tended more to the independence of the poor than their learning to support themselves by their own exertions. He thought the object of the proposed bill would be congenial to the feelings of the whole House. On the part of the Government, he was ready to offer his best assistance on behalf of an institution such as the Savings Bank, where rich and poor might meet together and mutually combine in promoting, under Divine protection, their natural rights. "There, forgetful of those petty distinctions which temporary circumstances had created,

they met as brethren, each to do his duty to his neighbour." After an Irish member had expressed his wish that the same bill might be extended to Ireland, where, he truly said, such habits as these banks inculcated were most urgently needed, even more so than in England, this one-sided debate was closed.^[29] The bill was read a first time on the 15th of May, 1816. It provided, that any number of individuals might enrol themselves as Trustees of a Provident Institution or Savings Bank at the Quarter Sessions. It was not meant by this to give any power to Justices of the Peace, but simply that the act of enrolment might thus be made in as public a manner as possible. It was further arranged, that the Rules proposed for the management of the new Savings Banks should in like manner be left with the Clerk of the Peace for the respective counties. The bill authorised the Trustees or Managers to appoint such officers as were likely to be needed, and required that in all cases where the persons were to be entrusted with money, they should give reasonable security. It was only further provided, that depositors should not be prevented from applying for parish relief, but that, if any dispute arose on this point, the decision in the matter should be left with the magistrates in Quarter Sessions. The session being near its close, and several members having expressed their sense of the importance of the subject and the necessity of producing a well-considered bill to regulate these banks, the bill was withdrawn till the next session. On the 15th of February, 1817, Mr. Rose again returned to the subject, and got leave to re-introduce his bill. He did not on this occasion enter minutely into the consideration of Savings Banks, further than to express a conviction he had, "which daily became stronger," that these institutions, if properly directed, would have a very direct influence on the vexed question of Poor Law relief. He contended, that, if they became generally introduced through the length and breadth of the country, they would gradually mitigate, and then do away with, the evils attending the system of the English Poor Law; and he very reasonably urged that any measure which would tend, even remotely, to such a desirable object, was deserving of, and ought to have, the hearty support and countenance of the Legislature. *Mr. Curwen*, an authority on this phase of the subject, held that there could be only one opinion as to the utility of the banks, but he was satisfied "it was an error to imagine they would essentially contribute to the alleviation of the present distressing situation of affairs." Nothing short of a measure which in its nature might have a compulsory influence over the minds of the people, to teach the poor and the peasantry that the means of relief, of content and happiness, were within the reach of their own exertions and industrious application, would be effectual. After a little further opposition, during which another member said that the bill would do more harm than good—that Savings Banks were going on extremely well without any Act of Parliament, *Mr. Wilberforce*, ready at all times to forward any measure which seemed likely to benefit the poorer and more defenceless portions of society, congratulated his friend on his proposals, and said that the system of Savings Banks pleased him most because it was so eminently adapted to teach the poor how much they might do for themselves by their own self-denying exertions. This was one of the class of things for which he, the House, and the country ought to be extremely indebted to all who had been instrumental in originating it and bringing it to greater perfection. "Whatever difference of opinion," continued Mr. Wilberforce, "there might exist as to the Poor Laws, it was of all things desirable to countenance and foster so sanative a principle as that on which Savings Banks were founded." The second and principal reading of the bill took place on the 15th of May, 1817, on which night many petitions were presented in its favour, and only three—viz., from Norwich, Hertford, and St. Paul's, Covent Garden—against it. All opposition, however, to the bill resolved itself into simply contesting one or two of its clauses. An attempt was made to throw out the clause which obliged the Trustees of Savings Banks to vest all moneys received by them in the Public Funds, several members contending that at any rate some of the money might be much better employed on mortgage, to the relief of many different interests in the immediate neighbourhood, and to the greater productiveness of the money so lent. The arguments used on this occasion were very similar to those occasionally used now in relation to the same subject, and they were then as unavailing as they have been subsequently: the preponderating opinion was that the *safety* of the investments was, and ought to be, the first and greatest consideration. The clause, however, which proposed the giving of premiums out of the parish funds to those contributors who had done best in the way of saving money, fared worse, being rejected in committee almost unanimously. The growth of such principles could not be forced, and, if they grew at all, they would do better without the crutches of eleemosynary aid. At the third reading, a spirited contest arose about the proviso that depositors in Savings Banks should not be disqualified from receiving parochial relief. *Mr. Rose* contended that anything, which would have a tendency to make the poor think that the richer classes were legislating with ulterior objects in view, such as to get rid of poor-rates, would throw obstacles in the way of Savings Banks. There would be no need to think of such considerations in a few years, when Savings Banks were more firmly fixed amongst the institutions of the country; it was highly expedient, however, that they should now be allowed to have their weight. In a few years, argued he, the poor will have formed habits of saving, and so they will have become independent, and be above throwing themselves on the parish, at any rate with impunity. *Mr. Wilberforce* held and expressed the same view, which Lord Milton and others opposed; the clause was retained, notwithstanding, by a majority of thirty-three in a House of eighty-seven members. With this discussion the bill passed, and became law in August, 1817. As this bill^[30] is the beginning of legislation on the subject of Savings Banks, we would here state in outline the principal objects with which it dealt. A sort of Supplementary Act, cap. 105, was passed to apply more particularly to Ireland, to suit the Irish members, who, when the matter was under discussion, argued that the same Act would not deal so well with Ireland, and who,

therefore, wished the two countries treated separately. Both the acts required that the Rules of the proposed Bank for Savings should be deposited with the Clerk of the Peace of the county in which the bank should be situated, though no discretionary power was left with the magistrates in the matter. The Trustees and Managers were prohibited from receiving any profit from any transactions in these banks, and were empowered to pay over the moneys they received into the Bank of England, or Ireland (as the case might be), to the account of the Commissioners for the Reduction of the National Debt, the latter being instructed and empowered to invest them in Three per Cent. Bank Annuities. Interest on money thus deposited in the hands of Government was guaranteed to the Trustees of Savings Banks at the rate of 3*d.* per cent. per day, or 4*l.* 11*s.* 3*d.* per annum. The Act restricted the amount which any one depositor could place in a Savings Bank in England to 100*l.* in the first year, and 50*l.* in any subsequent year. In Ireland the limitation was 50*l.* in any year, though why this distinction was agreed upon does not appear.

It was not long before it was seen that the Act just described was defective in many particulars, and further legislation rendered necessary. During the year which elapsed after the passing of the Savings Bank Act, the progress of these institutions, in so far as the number and amount of their deposits were concerned, was great beyond all expectation. In nine months from the date of the bill of 1817, the large sum of 657,000*l.* had been deposited. The largest amount received at the National Debt Office during that period from any one bank was 32,000*l.*, remitted from the flourishing Exeter bank; the smallest was received from a new bank just then opened at St. John's, Wapping, for the benefit of sailors living in that locality. By the middle of the year 1818, or less than twelve months after the passing of the first bill, there were no fewer than 227 banks established in England and Wales, and about an equal number in Ireland and Scotland. That the encouragement which the bill had given was real is evident from the fact that more than half the entire number of English banks were first opened in 1817-18. So rapid indeed had been the development of the measure, that it was soon apparent that the increase of deposits was in a ratio far beyond any possible increase in the amount of wages or profit from which small savings could have been made. No doubt that now, for the first time, many hoarded savings saw the light, and began to bring in to their owners a return; but even this does not account for such an increase of business. Towards the close of 1817, 20,000*l.* was deposited in one day, in a town in the North of England where a bank had just been opened, and it was known that very little of this money belonged to the industrial classes.

The interest given for the investment made, it appeared, was attracting a much higher class of depositors than it was ever sought to encourage, or than the Act was intended to benefit. The interest guaranteed by Government has already been stated. In amount, it was at least 11*s.* 3*d.* more than the interest yielded by any other Government security, while Consols did not bring in more than 3*l.* 5*s.* per cent. Many, we believe, in the first instance put their money into the Savings Banks to afford encouragement to their poorer neighbours or dependents, and in order to inspire them with confidence: and it will be well understood how necessary this was at the outset, seeing that at that time there were few means of inculcating sound political knowledge, or, indeed, information of any sort, among the great mass of the people, who too often were swayed hither and thither at the mere whim of some noisy and ignorant demagogue. Whether or not this sufficiently accounts for the fact of the better classes contributing to the early Savings Banks, it is clear that all classes soon found out that it was not possible to do better with their money, and hence allowed it to remain where it was. Several banks were very careful to exclude by their rules all but mechanics, servants, and persons in similar ranks of life, but the rest either had no such rules, or were very careless about enforcing them. One gentleman, possessed of 40,000*l.* was known to have deposited large sums of money in one Savings Bank in the names of his six children. On the 17th of March, 1818, the Chancellor of the Exchequer, influenced by such abuses as these, asked leave to bring in a bill to amend the Act passed last year. No trace of the proceedings of Parliament with regard to this little bill remains, but it seems only to have been meant as a temporary measure of relief till the whole subject could be more effectually grappled with. It simply provided for some alterations in the forms of debenture, gave power to Justices of the Peace to reject, for a sufficient reason, any Rules deposited with their clerks, and prohibited the arrangement by which a person might invest in a Savings Bank by means of a ticket or number, and without disclosing his or her name.

Shortly after this period, in the year 1819, a question was put to the Chancellor of the Exchequer in the House, which seems to have raised some merriment among the members. Ridiculous as it might seem, it only reflected the spirit in which many people spoke of the measures which had recently been passed with regard to the compulsory investments with Government of the money placed in the banks. In Lancashire, aided and stimulated by Mr. Cobbett, who all along sneered at the "bubble" of Savings Banks, the people got up an absurd cry, and long kept it up. *Mr. Wilbraham*, a Lancashire member, asked Mr. Vansittart if there was "any tittle of truth" in the reports that were so prevalent "that Government was about to seize the funds of the Friendly Societies and Savings Banks, and apply them to the payment of the National Debt. This report," said the hon. member, "had been caught up by persons little conversant in political matters, and had actually caused the breaking up of Friendly Societies, to the great loss of those who had claims upon them." He had no doubt the course of legislation had led to this report being circulated by designing persons, and though quite aware that it was impossible for the Government to touch any of these funds, he would like to hear a declaration on the subject from the authority which in that House

was alone competent to give it. *The Chancellor of the Exchequer* said, that even after much experience of the extent to which malignity and absurdity could go in the propagation of reports injurious to the Ministry, he had not been prepared for such a rumour as this. "It was utterly groundless; there was not the smallest foundation for it, either in fact or possibility. Under the authority of Parliament, the money belonging to the institutions in question was kept *entirely apart* from the public money, and even if the Treasury were base enough, they had not the power to misappropriate these funds."^[31] *Mr. Brougham* observed that this was not the first time that such reports had been circulated, and such absurd cries raised. When the Education Committee was sitting, it was asserted that its intention was to seize all charitable funds, and to turn the two Universities into charity schools. In such cases as these facts or reason on such reports were very ineffectual, but he hoped that in this particular instance they would be of some avail.

Before we notice the further progress of legislation in respect to Savings Banks, it would be well to refer to their progress and operation in Scotland. None of the Acts passed up to this time in any way related to the Scotch banks. When Mr. Rose's bill was before Parliament, its application to Scotland was successfully opposed; a separate bill was introduced by Mr. Douglas, the member for the Dumfries burghs, in 1818, but this did not pass. The failure to obtain this act was said to be owing exclusively to the necessity for legislative interference not being felt in Scotland; it seems now much more likely that the failure was owing to the want of unanimity among the Scotch promoters of Savings Banks, Mr. Duncan taking a decided stand with the member whom he had influenced so far as to get him to bring in a bill, and the promoters of the Edinburgh bank, on the other hand, who kept up in this way the long-standing dispute which they had always had with "the Father of Savings Banks."^[32] There was certainly some reason why the same legislation was unnecessary for the two countries. There were many circumstances which rendered interference on the part of the Legislature necessary, or at least expedient, in the case of the English banks, and these circumstances scarcely in any way applied to Scotland. The chief of these were the Poor Laws, and the want of secure places of deposit for small sums to bear interest, and be payable on demand; the English bankers did not usually allow interest on money lodged with them, whereas in Scotland they gave a liberal return for it. The general dispute was at its height in 1819, when the Edinburgh Society published a report against any State interference, and when Mr. Duncan, who, as we have already said, was a strong advocate for parliamentary encouragement and protection, replied in a lengthy and able letter,^[33] in which he clearly showed that difficulties and discouragements would surely be felt in the progress of Savings Banks, if they were not arranged according to law. The radical difference observable in the two classes of banks—and there were at this time 182 Savings Banks in Scotland with 7,000 depositors, and deposits to the amount of 30,000*l.*—was the difference between the Parish Bank at Ruthwell, and the Savings Bank at Edinburgh, for on one or other of these models all the Scotch banks were with very few variations formed. Mr. Duncan placed, or intended to do so, the management of his bank in the hands of the whole body of depositors; the Edinburgh bank excluded all popular interference in its management, and left every one to deal with it or not, at their pleasure. The Ruthwell bank confessedly, and as we have seen, partook of the nature of a Friendly Society; the Edinburgh bank as nearly as possible approached the character of a commercial undertaking. The founder of the former was thus an advocate for minute regulations, while the patrons of the latter wished to be left at liberty to manage their affairs in their own way, and only to call in the help of the Legislature when real grievances needed redressing.

With the exception of a short Act^[34] passed in 1820, by which it was provided that charitable institutions might deposit a whole or a portion of their funds with the Commissioners, no further legislation on Savings Banks was attempted till 1824. In this year the Chancellor of the Exchequer (Mr. Robinson) took up the matter where Mr. Vansittart had left it, and carried a Bill through Parliament still further to amend the law.^[35] With a view to remedy still more completely the evil of classes, other than the industrious ones, investing their money in Savings Banks, this Act provided that the sum which could be deposited during the first year should be limited to 50*l.* and should stand at 30*l.* for any succeeding year. To provide against anything like evasion of these regulations, a form of declaration was introduced,—which we scarcely need say has existed up to the present time,—stating that the subscriber to it had not contributed to any other bank than the one at which he made the declaration. The Chancellor of the Exchequer endeavoured to carry a clause which required that this declaration should be subscribed by the proposed depositor in his own name, "and own handwriting," in place of a mark or initials, but this was wisely discarded. This absurd proviso would have put an educational test in the way of those very classes whom, to the exclusion of all others, it was desirable to attract to Savings Banks. Another important clause succeeded better, and was plainly proper to the object meant to be served by it. No depositor could by this further clause invest more than 200*l.* excluding interest, in any Savings Bank. The case of the funds of Friendly Societies was the subject of another clause. It was only four years since these societies, as we have seen, were allowed to deposit their funds through the medium of Savings Banks; but the Act of 1820 had given rise to so much abuse, or to so much that seemed like abuse, that some alteration was necessary. The high rate of interest which had been guaranteed by law to these banks induced, not only individuals of rank and property, but large charities to place their funds in them: the result was a great burthen to the public, inasmuch as the excess over the ordinary rate of interest for public securities was thrown in by the Legislature with the object of increasing the

provident disposition of the poor. As it was seen that, if this state of things continued, the original object of State assistance and countenance to Savings Banks would be defeated and the public in some degree prejudiced, it was proposed that no friendly society or charitable institution of any kind should deposit their funds in any bank. If the alterations now proposed did not suffice to preserve Savings Banks from the inroads of the rich, the Chancellor of the Exchequer saw no other means of meeting the evil than by reducing the interest given. He "should feel most reluctant to weaken the confidence which the public reposed in these banks, and which rendered them one of the greatest blessings ever conferred upon the country;" but the evil must be met in one way or the other, or with the loss of their normal character they would lose their efficiency.

The Act of Amendment then went on to deal with the responsibility of Trustees, the giant difficulty of Savings Banks from that time until now. The same arguments were used at this early period as at different times subsequently. Those who placed money in Savings Banks ought to have some security that that money was not made away with by some one through whose hands it would pass; and the Trustees, who had the sole control over the affairs of the banks, and appointed all the subordinate officers, were the persons who ought to give some security. On the other hand, enforce to the full the liability of Trustees, and the most able persons would be deterred from accepting so much responsibility, and would give up the connexion which they had already voluntarily assumed. It was now therefore settled that the Trustees should deposit all the money they received with the National Debt Commissioners, and that they should be held liable in case of default only to a certain amount. A legally and efficiently constituted bank should consist of twelve Trustees, each liable for 50*l.*, or 600*l.* in the aggregate. This Act, it was also decided, should refer to Ireland equally as to England.

Early in February, 1828, *Mr. Joseph Hume*—who had not then been many years in Parliament, but who had already commenced that course of conduct in connexion with the public expenditure which, at first, gained him little but ridicule and derision, and subsequently the respect of friend and foe and the confidence of the entire nation—took up the question of Savings Banks, or more especially that part of it which related to the question of expense to the Government. Mr. Hume had already asked for returns of the progress of Savings Banks; but on the 6th of this month he required the production of an account, showing the amount of interest that had been allowed to them since they had become connected with the State in 1817. He tried to disabuse the mind of the members of the House as to his having any prejudice against Savings Banks. He told how he had been one of the earliest friends of these institutions and heartily wished well to them. When he found, however, that they had already cost the country half a million sterling, and were likely to cost still more as their numbers and efficiency increased, he thought it was high time to have the matter inquired into, and this expenditure stopped. Mr. Hume said that his original notion about Savings Banks,—which was likewise that of all he knew who had endeavoured to establish them,—was that each bank might, and therefore ought to maintain itself, and, whilst it enabled the poor to invest safely their 10*l.* or 20*l.* as cheaply and as profitably as the rich could their larger amounts, it should neither be a burthen on the charity of the benevolent nor an incubus on the State. Mr. Hume stated that he believed it would be found that up to January, 1827, the amount paid to Trustees, over and above what the money remitted to the National Debt Commissioners had produced, was 452,000*l.* By the arrangement of the Act of 1817, which ordered that a separate account should be kept of the moneys deposited with Government on behalf of Savings Banks, he was enabled to tell exactly how affairs stood. He found that Government had obtained interest on the Savings Bank Fund to the extent, in round numbers, of 2,250,000*l.* and had paid to depositors for the same 2,703,000*l.* Hence the loss^[36] above given, which he had no doubt by the time the accounts were finally made up for the financial year ending in March would be half a million sterling. Mr. Hume went on to state that, if honourable members thought it proper after an inquiry to pay 40,000*l.* or 50,000*l.* a year, as a means of encouraging these banks, let them do so; perhaps he would not make any more appeals about it; at any rate, however, in this case, and if this state of things continued, he thought it would be only fair that Government, and not separate directors, should have the management and control of these banks. There was no possible uniformity among them; some paid one rate of interest, and some another; some charged much higher for paid assistance than others, and yet, with unvarying uniformity, he might have said, the executive granted the same high rate of interest to all, irrespective of how they disposed of it. The Returns were ordered *nem. con.* The Statement which Mr. Hume more particularly referred to is in its proper place among the "Accounts and Papers" for that year, and is as follows:—

Years.	Dividends on Stock Received by Commissioners			Interest Paid Trustees.			Difference.		
	£	s.	d.	£	s.	d.	£	s.	d.
1817-18	32,071	1	5	44,909	5	1	12,838	3	8
1819	92,865	13	7	106,963	4	9	14,097	11	2
1820	124,278	8	2	141,488	1	3	17,209	13	1
1821	163,631	1	1	182,649	13	3	19,018	12	2
1822	225,252	6	1	253,629	4	11	28,376	18	10

1823	298,270	10	1	340,757	0	2	42,486	10	1
1824	379,411	6	7	468,261	12	1	88,850	5	6
1825	450,027	13	0	562,759	0	4	112,731	13	4
1826	478,286	5	3	592,390	18	11	114,104	13	8
1827	480,851	13	0	615,516	1	7	134,664	8	7
1828	515,569	9	4	675,753	16	7	160,184	7	3

A month afterwards, the Returns having been furnished, Mr. Hume returned to the charge. The accounts had more than borne him out in all particulars. He now again asked if the daily loss ought to be suffered in the financial state the country was in. The Act regulating Savings Banks ought to be repealed, and another passed in its place. His opinion was, decidedly, that Government should just give the interest which it realized by the Savings Bank money, and not add a farthing to it. "At a change in the price of Stock," added the reformer, "Government might very possibly lose three or four millions, and yet the depositors would not suffer the loss of a penny." Much as he wished for the progress and advancement of the poorer classes—and few, we think, worked harder to obtain it for them,—he contended that these classes ought to be placed precisely in the same situation as other people who had capital to invest. Another point which Mr. Hume dwelt upon was the *surplus money* which managers of Savings Banks had in their possession untouched, after paying their depositors all the interest that was allowed them. At that time Mr. Hume stated that the surplus in the Newcastle Savings Bank, after paying the expenses of management, amounted to 4,810*l.* and in the Exeter and Devon Bank to a still larger sum; and this money which had been paid by Government and saved after the Trustees had given a liberal interest to depositors, was now turned into an invincible argument for some change in the law. Mr. Hume concluded with expressing a hope that Government would bring in a bill to amend the law relating to Savings Banks, or at any rate not throw any obstacles in the way of some private member doing it. The Secretary of the Treasury said, in reply, that Mr. Hume had stated the case fairly and correctly; and that the Chancellor of the Exchequer fully intended during the present session to bring in a bill with which he hoped *to satisfy all classes*.^[37] The vicissitudes of party prevented this high Government functionary from carrying out his laudable, but very impossible design. In a few weeks the Chancellor is on the other side of the House, and another occupies his place. A bill, however, was introduced on the 5th of June, 1828, by Mr. Pallmer, which, supported by the new Administration, was passed through Parliament, and became law in the same year.^[38] In introducing this bill, *Mr. Pallmer* said it was quite obvious that the laws which affected Savings Banks ought to be as clear and as distinct as possible. Savings Banks were now very important institutions, and the welfare of thousands was connected with them. At that time there were no less than five Acts of Parliament regulating Savings Banks, and these Acts, which contained 150 clauses, involved an enormous amount of confusion and perplexity. He would in the place of these five Acts, propose an Act, simple and consolidated, of thirty or forty clauses. He would endeavour to deal with all the questions of interest allowed, surplus money, responsibility of trustees, and to make the necessary restrictions towards carrying on the banks safely. And leave was quickly given to proceed with the bill. Nothing transpired in the passage of the bill through Parliament of much moment: so little hold were questions of this nature supposed to have on the public mind, that it is barely alluded to in the pages of *Hansard*. It seems never to have occurred to the reporters of the day, that posterity might wish for a detailed account of the steps by which institutions, such as these we are considering, arrived at some important position, and so important indeed as to make every step of that progress interesting after the lapse of years. Two or three little incidents have survived this neglect. *Mr. Lewis*, for example, during the second reading of the bill, proposed a clause for preventing the National Debt Commissioners from taking more than 20,000,000*l.* from the Savings Bank Trustees, and ordering that, when that amount had been invested, the funds should be declared full. The answer which Mr. Goulburn, the new Chancellor of the Exchequer, gave to the hon. member was, that he "would take a day or two for consideration, after which he should be able to say better whether such a clause ought, or ought not, to be agreed to." Two or three days before there had appeared in the *Times* newspaper a well-written lampoon on the new Ministry, over which, it will be remembered the Duke of Wellington presided as Premier, and one verse ran—

"To rest from toil our Great Untaught,
And soothe the pangs his warlike brain
Must suffer when, *unused to thought*,
It tries to think, and—tries in vain."

Sir Joseph Yorke embraced the opportunity to compliment the Chancellor, amidst great laughter, on being such a "valuable auxiliary of the 'Great Untaught.'" The right hon. gentleman evidently was not one who spoke on the strength of two bottles of wine: his eloquence was certainly not of a fiery description;" and more banter of the like description. *Mr. Lewis*, however, withdrew his amendment, as did also *Mr. Hume*, who, when the amount of interest which should be given was discussed, had proposed that, in place of a reduction from 3*d.* to 2½*d.* per diem, the interest on deposits should only be at the rate of 2*d.* per diem. The bill was only further opposed in some trifling particulars and, when finally carried, was ordered to come into operation in the November of the same year. The statute

was entitled, "An Act to consolidate and amend the Laws relating to Savings Banks," and repealed all other Acts previously in force. From this circumstance, the clauses of the bill of 1828 are generally known as the "Governing Statutes" relating to Savings Banks. As the great majority of these clauses are still in force, it will suffice, when we come to give the present Act, to simply mark those which were originally passed in 1828, and so distinguish them from the clauses passed in 1863. We will here give the principal items and arrangements of the new bill. The Act provided that the rules of every Savings Bank should be entered in a book, which book should be deposited with the Clerk of the Peace: the Clerk of the Peace was directed to submit this book to a barrister, who, under the terms of the Act, would be appointed by the National Debt Commissioners.^[39] The duty of the barrister would be to certify that the Rules of the proposed bank were strictly according to law, and this certification, after it had been made, was to be laid before the Justices of the Peace in Quarter Sessions, who were empowered under certain circumstances to reject the same, or any part thereof. If admitted, as they most commonly would be, after certification, the Rules became binding on depositors and officers. The interest to be given to depositors, as we have already stated, was reduced by this Act from 4*l.* 11*s.* 3*d.* per cent. per annum, to 3*l.* 16*s.* 0-½*d.* per annum. It was provided that savings of Minors might be invested, and that deposits might be made by married Women. Charitable Societies were again authorized to invest sums not exceeding 100*l.* per year, or 300*l.* in the whole. Friendly Societies were also authorized to subscribe any portion of their funds into Savings Banks, but a Friendly Society enrolled after the date of the bill could not invest more than 300*l.* principal and interest included. Trustees were not to receive from any one depositor more than 30*l.* in any one year, nor more than 150*l.* in the whole and, when the deposit and interest amounted to 200*l.* interest was to cease. Depositors might withdraw their money and again subscribe, providing they did not do it to a greater extent than 30*l.* in any one year. Deposits might be withdrawn from one Savings Bank and placed in another. Should a depositor die leaving any sum exceeding 50*l.* the same was not to be paid without probate or letters of administration. Administration bonds for effects under 50*l.* were exempt from stamp duty. Section nine exacted that no Trustee or Manager should be responsible except for his own wilful neglect or default; and finally, and a matter of considerable importance, the bill provided that once in each year the Trustees of every Savings Bank should make a Return to the National Debt Office, in which a full Financial Statement should be made of the condition of the bank; and a minor clause enacted that depositors should be entitled, on payment of one penny, to a printed copy of this Annual Statement.

For several years after the thorough change which we have just described, the institution of Savings Banks increased and prospered wonderfully; up to the year 1833, we find that no steps were taken, nor agitation of any sort got up, to alter the law with regard to them. In this year, some further changes took place; but if we except a slight modification which was made in the arrangements under which depositors could withdraw their money,—a longer notice being thought necessary,—nothing was done which did not place additional powers in the hands of Trustees.

In April, 1833, Lord Althorp, Chancellor of the Exchequer in the Government of Earl Grey, influenced, by a suggestion of Mr. Woodrow, introduced a bill to grant immediate and deferred annuities through the medium of Savings Banks, and to grant them on so small a scale as to place them within reach of the humblest classes. Something of this sort was undoubtedly required, and the necessity became more and more felt on account of the action of Friendly Societies. The poorer classes, it would seem, had scarcely any means of investing in pensions for their old age: although nearly 5,000 Friendly Societies had up to this time proposed to make some provision of the kind, all but thirty-nine had in 1833 entirely relinquished this class of business. It may be said that Friendly Societies gave up this business because so few availed themselves of the provision that was made. From the very constitution of these societies, however, the poor had little confidence that any one of them would last so long as to give them those benefits in their old age for which they would have to subscribe for a long term of years. Benefit Societies might be broken up at any time by two-thirds of their number; this sort of thing was constantly occurring, generally leaving the oldest members in the lurch. An attempt, to which we have not yet alluded, was made even before Savings Banks were established, to give the industrial classes a chance of providing for their old age, and preventing them from being left destitute of other support than parish pay, or a home in the workhouse. Baron Mazeret, so early as 1773, who published a work on Annuities, succeeded in getting a bill introduced and passed through the House of Commons—though unfortunately it was lost in the House of Lords—which would have made the legislation of 1833 less necessary. *Lord Althorp* now stated that the object he had in view was simply and solely to benefit the working classes. The lowest sum which could be granted as a Government Annuity was 30*l.* a-year. He would propose to make the sum 20*l.* The annuity should not be assignable, or transferable, except in cases of bankruptcy or insolvency; and in the case of the purchaser, either through necessity or choice making default in the annual payments, or dying before the annuity commenced, the whole of the money subscribed should be paid to him or his executors. The tables would be calculated at the rate of 3*l.* 15*s.* per cent. and this rate being less than the ordinary Savings Bank rate, would enable the Government to introduce the clause for returning deposits. To no class, it was thought, would these proposals be of more service than to members of Benefit Societies, who would thus be enabled to secure superannuation on Government security, and confine the objects of the society in which they might be members to relief in

cases of sickness or death. Lord Althorp calculated that a person at the age of twenty-five, paying six shillings a month as a deposit into the Savings Bank, would be entitled at the age of sixty to an annuity of 20*l.* a-year. He contended, that, from the calculations which had been made, Government could not lose by these arrangements, and he thought the principal feature of deferred annuities for a small amount, with money returnable in the cases above stated, might be made,—if the working classes would only avail themselves of the measure,—to tend greatly to their worldly comfort and advantage. *Mr. Thomas Attwood*, the member for Birmingham, who made some remarkable speeches in the House on matters of finance, but especially with regard to Savings Banks, objected not only to this proposal, but to legislation of any sort with regard to them. The money deposited in Savings Banks might as well be put into the country banks, for the average amount of each deposit, he was sure, was over 10*l.* and 10*l.* was the minimum sum which country banks would take. He “did not believe in paying so much to keep up such establishments, especially when they were not wanted.” To such lengths will intelligent men go, and to such an extent will they shut their eyes! *Mr. Attwood* put his views before the House quite mildly in this instance, as compared with subsequent speeches. *Mr. Brotherton*, a member greatly respected in the House, who had once belonged to the ranks of the people, and who might therefore be supposed better to understand their requirements, felt sure that Savings Banks had been productive of great national good, and could not be too numerous. *Mr. Pease*, the Quaker member for South Durham, hoped that nothing would be done to induce the working classes to try country banks in preference to Savings Banks. In his own county 700,000*l.* or 800,000*l.* had been lost in country banks, and therefore it would be highly dangerous to advise the poor to lodge their money there. *Mr. Pease's* position, as a large employer of labour, gave his remarks weight, when he trusted that the clause in the bill of 1828, which provided that Accounts of Savings Banks should annually be laid before the Government, would be carried out in its entirety; “there was little hope of Savings Banks turning out uniformly profitable to the industrious classes, except Government maintained a strict superintending control over them.” The Chancellor of the Exchequer said this was done, and in two or three instances since he took office, where the Trustees had neglected to furnish proper returns, the Commissioners had exercised the power which the law gave them, *and had closed the banks* till the Accounts were sent up.^[40] In May the bill was carried through Parliament unaltered, but, as usual, opposed by two or three fractious members. *Mr. Thomas Attwood* again expressed his disapprobation of Savings Banks; and we allude to his speech with a view solely of enlivening our pages, which may over this ground of legislative enactments be dull to some readers. This gentleman stated his belief on the third reading of the Savings Bank Annuities Bill, that Savings Banks “were instituted by the late Lord Liverpool and his Government, not for the good of the people, but for three different purposes.” The first was to draw capital to London, in order to bolster up the Funds; the second was to give the Government the power of putting their hands into the pockets of the people; and the third, to enable them to scourge the people.^[41] On the House showing manifest signs of disapprobation, *Mr. Attwood* said, “Hon. members might express disapprobation as much as they pleased, and the noble lord (Althorp) might laugh, but he firmly believed that Lord Liverpool's great object in getting up these banks was to get his claw in the people.” *Lord Althorp* replied with the straightforward understanding, and quiet, manly good sense which always characterized this eminent statesman. He wondered that *Mr. Attwood* had not imputed to Government another motive, that being, to realize *profit* by Savings Banks, which he need not say they had scarcely yet done. He might have smiled, but it was entirely on account of the originality of the hon. member's ideas on the subject: seriously, it was astonishing that such arguments should be used by reasoning men. “So far from being an injury to the people, he believed these banks conferred on them the greatest advantages; and so far from affording the Government the means of trampling upon them, they would have an exactly contrary effect.” And there can be no question that Lord Althorp was right. The evident effect of Savings Banks, from their commencement, had been to make people independent; and surely persons of this description would be the very last that any Government would attempt to ill-use. Another member spoke a word for *Mr. Attwood*: he believed him to have the kindest intentions towards the poor; only, he must add, that he took the strangest way of showing these good intentions, when he strove to prejudice the poor against institutions which were capable of rendering them independent and comfortable sooner than any other organization whatever. *Mr. Slaney* thought the people showed great good sense in preferring Government security to the allurements of country bankers. As for the member for Birmingham, he ought to be reminded of Franklin's story about the two sacks, where the empty sack fell to the ground, whilst the full sack stood bolt upright. The fuller the sacks, the more likely were the people to be independent, and the less likely were they to be trampled upon. *Mr. Slaney* was glad to find, that though the crisis of last session had had a bad effect on the deposits of Savings Banks, they were now daily increasing. With this discussion, so far as any record is left, the bill became law.

An act passed in 1835^[42] extended the bill for consolidating and amending the law with respect to Savings Banks to Scotland, and of course the bill of 1833, which we have just described, became at the same time applicable to Scotland.

Nothing further was done in the way of legislation for Savings Banks till 1844, so we will close this chapter by referring to another attempt made by *Mr. Hume*, in 1838, to reduce the interest given to Savings Banks, and to introduce other changes into their organization. And here we cannot forbear to state our belief, that, though many thought very differently at that

time, Savings Banks, the working classes, and the country generally, had not a better friend than Mr. Joseph Hume. He saw a lavish expenditure going on in connexion with Savings Banks, and he endeavoured to stop it; with what success remains to be seen. He saw that in consequence of this expenditure, or the inducements which it gave, legislative enactments were openly set at defiance by well-to-do people, who, besides their own deposits, made fraudulent investments in the names of the various members of their families, or their friends; and that the action of the Legislature was in this way an attempt to cultivate good habits amongst one portion of the community, at the expense of promoting bad habits amongst another. Mr. Hume on this occasion reminded the House that he was one of the original founders of Saving Banks, and had always taken a deep interest in them. It was far from him to do anything to interfere with their usefulness in the country, only the country ought not to be put to large and increasing expense over them. He compared the rate of interest given before and after 1828, and now stated that on this latter rate the country lost from ten shillings to fifteen shillings per cent. on the entire amount of deposits. The average annual loss to the public up to the time he was speaking, and from 1818, had been 75,000*l.* If this money went to the provident poor he would not so much care; but if all was paid to depositors, that might not be the case. Of the 500 Savings Banks in existence in 1837, to whom the Commissioners paid 3*l.* 16*s.* 0-½*d.* per cent. interest, 412 of them paid to the depositors only 3*l.* 6*s.* 8*d.*, and 88 of them paid 3*l.* 8*s.* leaving of course a large surplus, after every expense had been paid, in the hands of both sets of trustees. Hon. gentlemen might say that this surplus money was required by law to be invested in the Surplus Fund account at the National Debt Office; but the act, in leaving it to the trustees to say what they themselves deemed "surplus," defeated its own ends, and without doubt had opened a door to fraud. Mr. Hume made a motion that the House at its rising should go into committee on the 9th Geo. IV. c. 93, which fixes the rate of interest to be given, and to permit the Chancellor of the Exchequer to reduce that rate to an equality with that which is received in the public funds. He thoroughly believed that the security afforded by Savings Banks was a matter of far greater importance than the amount of interest which was paid. Mr. Hume then referred to a subject which was made matter for great discussion, and which a committee of the House of Commons treated at great length some years subsequently. This was the power which was supposed to rest with the National Debt Commissioners, of using Savings Bank money for the exigencies of the State; "the dangerous power," as Mr. Hume characterized it, "to change the money they had in charge from funded to unfunded debt." He said the Commissioners had paid thirty-five millions sterling from 1817 to 1838, for the purchase of Stock and Exchequer bills, and had received from the sale of Stock and Exchequer bills seventeen millions, leaving more than a similar amount then standing in their names. He urged, "that as the whole of the deposits were by law payable in cash, and that as sums under 10,000*l.* could be demanded in five days, and even larger sums at fourteen days' notice, the public might in a time of panic, such as they had recently passed through, legally make demands of cash, and so produce a heavy loss to the Government, and greatly inconvenience, if not endanger, public credit." He gave a recent example, taking five months of the year 1832, when the country was at its greatest height of political ferment. The money transactions of the English Savings Banks in

	Deposits. Withdrawals.	
	£	£
March 1832 were	46,841	93,947
April "	33,447	107,534
May "	28,345	114,677
June "	25,515	368,976
July "	47,574	140,682 ^[43]

The Chancellor of the Exchequer, who at the time of which we are speaking was Mr. Spring Rice (the late Lord Monteagle), was quite unwilling to take the course recommended by Mr. Hume. He was sure it would tend to shake the security of the deposits, to which the loss which Mr. Hume had spoken of was a mere trifle. He admitted, however, that if Parliament could have foreseen the extent to which Savings Banks would so soon have arrived, wiser arrangements would undoubtedly have been made. People certainly did not want all the inducements to save their money which it was once thought they did require. Still, he was not for changing the rate; Government paid more than they received as interest, but he declined to argue the matter as a mere money question. Mr. Hume might say that depositors cared more for security than interest, but he (the Chancellor) said, that if they reduced that interest, the depositors would rush to take out their money. Nor did Mr. Rice speak without the book. He produced a paper in which was described the effect of the various commercial and political panics on Savings Banks, and in distinction to this the result of the reduction of the rate of interest in 1828. So far as it went, the Return is conclusive and instructing.^[44] In the commercial panic of 1825, the total amount withdrawn was 361,000*l.*; in the political panic of 1832, 550,000*l.*; in 1828, when the interest was reduced by 14*s.* per cent., no less a sum than 1,500,000*l.* was withdrawn. The Chancellor would not say that under no possible circumstances should a reduction take place; a time might come when it might be done wisely and discreetly, though he believed it would never take place without creating some degree of uncertainty and risk. The depositors in Savings Banks were not the class to be

experimented upon, and he would not have it said of him by persons out of doors that he had commenced reductions in the public expenditure by cutting down the interest payable to the poorer classes, who, after all, he believed, were the principal investors in Savings Banks. One other little item of statistics Mr. Rice gave before he sat down, which is very interesting, and much more convincing than his other arguments. He gave, from a Return which we have not been able to find, the amount of interest which had been paid *in money* since the establishment of Savings Banks and, on the other hand, the interest which had been credited to depositors *and made into principal*. In the former case it was 286,000*l.*; in the latter, or interest made principal, it was 9,271,000*l.* Finally, the Chancellor believed, that to pay depositors interest at the rate of the value of money in the market would be a death-blow to Savings Banks altogether! If Mr. Hume, in his pursuit of economy, tried to enforce it by dividing the House on the subject, his duty would be to resist. *Mr. Goulburn*, as the spokesman of the Opposition on financial subjects, condemned the proposition as likely to cause distrust amongst all classes connected with Savings Banks. So far from thinking that the interest ought to be reduced, or could be reduced, with safety—and this remark is curious, viewed in the light of subsequent events—“it was only by great care and good management on the part of those who superintended such banks” that expenses could be paid. Time, however, works wonders, and among other things, brings its revenges. The financial reformer, who from the first had the best of the argument, had not long to live to see a change, and to find that change brought about under the direct auspices of one who only six years before, in the words just quoted, had strenuously opposed his motion. We must leave *Mr. Goulburn's* bill of 1844 to be described in a subsequent chapter.

[28] *Mr. Rose's* exertions in this respect were only ended by his death, which took place in January, 1818, at the age of seventy-four. “His whole life,” says a contemporary, “was the continued and strenuous effort of a powerful mind to promote the welfare of the state and the happiness of his fellow creatures.” In contrast to this testimony, which cannot be called exaggerated, we might refer to *William Cobbett's* bitter tirades against *Mr. Rose*, which, indeed, may with some readers form the most convincing evidence of the merits of the statesman. In *Cobbett's* “New Year's Gift to Old George Rose,” published in the *Register* of 1817, and to which choice production we shall again refer, there is an elaborate and embittered attack upon the latter, in the course of which *Cobbett* stated that the amount of the sinecures which *Mr. Rose* and his sons held would furnish ample funds for all the Savings Banks then in existence.

[29] From a bare record of the debate in question to be found in *Hansard*. Third Series. 1816.

[30] Act 57 George III. c. 130.

[31] *Hansard's Debates*, vol. xli. page 1392.

[32] This cognomen was given to *Mr. Duncan* more than once in the House of Commons about this period.

[33] *A Letter to W. R. K. Douglas, Esq. M.P. on the Expediency of the Bill brought by him into Parliament, occasioned by a Report of the Edinburgh Society for the Suppression of Beggars*. By the Rev. Henry Duncan, of Ruthwell. 1819.

[34] 1 George IV. c. 83.

[35] 5 George IV. c. 62.

[36] We shall see subsequently that this loss was more than made up in other ways.

[37] *Times*, March 13, 1828.

[38] 9 George IV. c. 92.

[39] The barrister appointed, under clause 92, was *Mr. John Tidd Pratt*, who still holds the office after a lapse of thirty-six years. Under a subsequent clause of the same Act there was power given to the Commissioners to appoint an umpire in cases of dispute, and *Mr. Pratt* was likewise appointed to decide in these cases on behalf of the Government. *Mr. Pratt's* name is now properly and deservedly connected with all questions relating to Savings Banks. From time to time this gentleman's intimate acquaintance with the legal history and working of these and kindred societies has gained him other appointments in connexion with them. By the Act of 7 & 8 Victoria, c. 83, he had additional powers conferred upon him, this Act setting forth that all cases of dispute should be referred to him in the first instance, without the necessity of each party appointing an arbitrator. In 1846, under the 9 & 10 Vict., he obtained the appointment of Registrar of Friendly Societies, an office which he still holds; and in 1861, on the establishment of Postal Banks, he was appointed Consulting Barrister. *Mr. Pratt* was born in 1798, and called in 1824 to the bar at the Inner Temple.

[40] *Times*, April 17, 1833.

[41] *Hansard*, vol. XVII. Third Series. 1833.

[42] 5 & 6 William IV. cap. 57.

[43] *The Westminster Review* of this period thus refers to *Mr. Hume's* motion for a reduction of interest rate for Savings Banks: “We are ignorant of any good reason why the public should receive these deposits on other terms than those which would be settled between individual and individual in a common mercantile transaction. Admitting to the full importance of giving encouragement to economical habits, we deny that the payment of bounties is necessary for such a purpose, or that more is requisite than to extend to the parties that superior accommodation and greater security for investment which it is in the power of Government to afford. This should form an inducement adequate to every salutary purpose. All that is given as interest beyond the market price of money is simply a premium upon fraud.” Vol. IX. Old Series.

[44] But it did not go far enough; the years 1826 and 1831 are the years which ought to have been taken.

CHAPTER IV.

ON THE PROGRESS OF SAVINGS BANKS UP TO THE YEAR 1844.

"They to whom this subject is indifferent may censure our minuteness; but those who, like us, regard the establishment of Savings Banks as marking an era in political economy, and as intimately connected with the external comfort and moral improvement of mankind, will be gratified to trace the rise and progress of one of the simplest and most efficient plans which has ever been devised for effecting these invaluable purposes."—*Quarterly Review*. 1816.

ARRIVED at the year 1841, when Savings Banks have had a legislative existence for a quarter of a century, it may be well to stop and pass the period in review; to endeavour to show the progress made by these institutions during this time; and to exhibit, so far as we are able, their effect upon the general progress of the country. We have up to this point dealt principally with the legislation on Savings Banks, and have taken little account of what was said or done with respect to them out of Parliament, after the year 1817. At this early period there were frequent and warm discussions out of the House as to their value and utility. When they first began to attract public attention, "the friends of the working classes" were nearly equally divided between their advocacy of them and the Friendly Societies. When Mr. Rose, who had strongly advocated the formation of these societies, saw the benefit that Saving Banks were calculated to render to the poorer classes, he cordially took up their advocacy; and although he urged that there was scope enough for all societies which inculcated the duty and practice of providence and frugality, he was loudly accused of leaving his first love, and advocating the Savings Bank plan for some political purpose. We cannot give the reader a better idea of the way the industrial classes were beguiled, and the kind of influence which was only too often brought to bear upon them at this period, than by giving some extracts from a paper to which we have previously incidentally referred. In his "New Year's Gift to old George Rose," Cobbett reminds Mr. Rose, that after all he had done for them, he had at length "left Friendly Societies in the lurch, and taken to *the bubble of Savings Banks*." Cobbett, however, said that he could see through the change, and he shows the amount of his penetration by such argument as the following:—In "friendly societies Mr. Rose found that 'the members got drunk and *talked*—the naughty rogues.' Yes, and even politics too! And it might have been added," continues the writer and proprietor of the *Register*, "that they very frequently heard one of their number read—the *Register!*" The object of Savings Banks, or at any rate, parliamentary interference with them, was nothing else, Cobbett considered, "than to get the pennies of the poor together, but to keep their owners asunder." "What a bubble!" repeats Cobbett. Then addressing Mr. Rose in the first person, he tells him how, in his opinion, "the company of projectors who, in the reign of George the First, wanted a charter granted to them for the purpose of making deal boards out of sawdust, just saves you from the imputation of having, in the Savings Bank scheme, been the patron of the most ridiculous project *that ever entered into the mind of man*." Another person of Mr. Cobbett's stamp, though one who aspired to greater knowledge of all questions connected with trade and currency, and who really paid closer attention to such subjects, was Mr. Thomas Attwood—"Currency Attwood," or "Little Shilling Attwood," as he was variously designated in some parts of the country. Whenever he could get an opportunity in Parliament to speak of Savings Banks, we have seen that he invariably clothed his ideas in a vocabulary of prejudiced invective. And he repeated himself outside the walls of the House whenever he had the chance. "Savings Banks," we find him saying on one occasion, "besides costing the nation so much, were a nuisance;" "Savings Banks were a sort of screw in the hands of the Government to fix down the working classes to the system." On these expressions, and others of a like tendency, as texts, those minor demagogues who went "on stump," preached for many a day. Considering how such men treated the institution of Savings Banks, it is wonderful that they progressed as they did. That they kept many from using these institutions is beyond a doubt. Such men had a surprising power over the labouring classes, and though that power was often used for good, too often it only excited distrust and apprehension when distrust and fear were least needed and most dangerous. The true friends of the poor—and there have been many such at all times—said, in effect, "We have reason to believe that much money now spent unnecessarily might be saved for seasons of want and old age, if the poor had the means offered them of putting that money by easily, safely, and profitably. We have exerted ourselves to get such places established, we give our best exertions to have them conducted properly, and we advise all who have money to spare to intrust it to this safe keeping." Cobbett, on the other hand, put his printers to work to say "What a bubble! At a time when it is notorious that one half of the whole nation are in a state little short of actual starvation—when it is notorious that hundreds of thousands of families do not know when they rise where they are to find a meal during the day—when of the far greater part of the whole people much more than half of them are paupers; at such a time, to bring forth a project for collecting the savings (!) of journeymen and labourers *in order to be lent to Government*, and to form a fund for the support of the lenders in sickness and old age!"^[45] It would be idle to show the fallacy of such reasoning, even admitting the facts of the case to be as they are here stated. Suffice it to say, that in this way did such men pander to the prejudices of the uneducated. Many thousands of industrious workmen who had had no training, and who could not discriminate between real and imaginary evils, were thus too often flattered into believing that they had

more than their share of the truth, honesty, and manliness of the age on their side, and that the upper classes were against them on every side and in all respects. All this is pretty well over now.^[46] Just as the sun expels the mists of the morning, so have education and a free press opened the eyes of the people to their true interests, and shown them which class of men have most wished for and best worked to promote these interests.

It was not, however, only by such men as Cobbett that Savings Banks were misinterpreted and misrepresented. Like every other new and untried measure, it had to run the gauntlet of an educated as well as an ignorant opposition. It was a very usual thing to find the discussion on the utility of Savings Banks waxing warm in the most important organs of public opinion. For example, the *Times* newspaper early took a decided stand against Savings Banks, and tried to maintain its position, as we shall see more fully subsequently, long after the country had given them a pretty unanimous verdict of approval. Just after the period of which we are speaking, a correspondent in the then, as now, leading journal, thought himself able to trace in Savings Banks, "a great source of mischief; and that to them,"—though in what manner it is not attempted to be proved,—"may be attributed a considerable portion of the distress which has been so long felt, and which does not appear to diminish in most of the manufacturing districts." "God forbid," ejaculates this remarkable genius, "that I should desire to encourage improvidence amongst any portion of society; but there is a wide distinction between parsimony and extravagance, and these banks have literally made misers, and held out a bonus for them to become so." But even this is not all: the same spirit, says our authority, which actuates a man in becoming a miser, will operate to prevent their making use of their petty accumulations. "With the habit of parsimony the mind becomes degraded, and the workhouse or an application to the dispensers of parochial relief lose their horrors." It is almost useless, seeing that now few could be found to advocate such views, to reply to them. They are based on the assumption, which we take to be utterly erroneous, that a poor man is less at liberty to lay out his mite at interest than his richer neighbour; or that if he did so, the step was more likely to lead to his becoming a miser than his wealthier neighbour who had all his money in the funds. It is less necessary to argue the point, inasmuch as the aim of this nonsense is made quite apparent by the writer concluding with an elaborate eulogium on Benefit Societies for working men. "They could there, provide," says he, "at a very trifling expense, against sickness, want of employment, and numerous other casualties; while, on the other hand, there would be no need to deprive themselves of the common necessities of life in order to add to their hoard." But here again the fallacy of the argument is clearly apparent. The allowance from a Benefit Society, then as now, in case of sickness or distress, would be, generally speaking, quite inadequate to the circumstances requiring it; and how could it possibly be more likely that a person in this situation would be more independent of parochial relief than one who had a fund of his own to look to, or perhaps a livelihood at his command. Such warfare as this went on uninterruptedly for several years; the advocates of Benefit Societies running down Savings Banks, and *vice versá*, not in all cases seeing that the two might exist together, and that each was well calculated to supply a want which the one or the other class of institutions did not meet. There can be no doubt, however, which institution suffered most from these discussions. The most decisive proof of the improvement which was seen in the condition and the habits of the labouring classes during the first quarter of the century was the progress of Benefit Societies from 1802 to 1820. In the former year there were 9,622 of these societies; in the latter year there were nearly five times that number. The people during this period had not improved in comforts and conveniences as they did subsequently; they progressed in the more skilful use of the same, or even diminished means. These societies made a deep impression upon the population, and in the same proportion the people were recovered from the control of their appetites and passions, and from that propensity to use without restraint those means of immediate gratification which distinguishes all ignorant people of whatever rank. Notwithstanding all this, the Friendly Societies were beset with difficulties, and in the discussions to which we have alluded their opponents made the most of them. Perhaps the well-meaning might better have assisted the poor in instructing them how to reform the management of these societies, and by showing them the principles upon which they could be most safely established. However it was, there can be no question that, either from their inherent defects or the comparison of the benefits to be derived from the one as against the other institution, Savings Banks soon took the place of Benefit Societies in the public estimation, and progressed when, comparatively speaking, the latter declined. In the evidence given by Mr. Lloyd, the founder of the Hertford "Sunday Bank," before the committee on the Poor Law previously referred to, he assigned as one of the causes which had promoted the success of Savings Banks the evils arising from Benefit Clubs or Friendly Societies, as then constituted. "There is always," he said, "a regulation, that when two-thirds of the members choose to assemble and agree to break up the club, they can; the consequence is, that the other one-third, the old members, who ought to be deriving an assistance during the last period of their lives from these clubs, are deprived of it." He had known six clubs which had been broken up in this way. The following extract from a report of a committee which was appointed to investigate the rival claims of Benefit Societies and Savings Banks so admirably sums up the whole argument, and says so much with reference to both institutions which is no less true now than then, that we feel confident our readers will not object to have it reproduced here.^[47] "Benefit Societies have done much good; but they are attended with some disadvantages. In particular, the frequent meetings of the members occasion the loss of much time, and frequently of a good deal of money spent in entertainments.^[48] The stated payments must be

regularly made; otherwise, after a certain time, the member loses the benefit of all that he has formerly paid. Nothing more than the stated payments can be made, however easily the member might be able at the moment to add a little to his store. Frequently the value of the chances on which the societies are formed, is ill calculated; in which case, either the contributors do not receive an equivalent for their payments, or too large an allowance is given at first, which brings on the bankruptcy of the institution. Frequently the sums are embezzled by artful men, who, by imposing on the inexperience of the members, get themselves elected into offices of trust. The benefit is distant and contingent; each member not having benefit from his contributions in every case, but only in the case of his falling into the situations of distress provided for by the society. And the whole concern is so complicated, that many have hesitation in embarking in it their hard-earned savings. With such disadvantages who would not rather choose the simple, secure mode of investment offered by the bank—free (as the banks were at that time) from them all? But if they must have the Benefit Society, with its contingent and distant benefits, working men should not rest here. Thousands of the working classes could well afford to pay their weekly sums to secure their sick and burial money, and yet have enough to spare to provide against the other rainy days of their life. A poor man's savings are continually liable, while in his own custody, not simply to professional thieves, but also—and there is far more danger of it—to be pilfered by himself and his family. They are often lost by being intrusted to improper hands; they are still oftener worse than lost in the ale-house or the gin-palace, and the money which properly taken care of might give the means for occasional enjoyments of a harmless kind, providing for the legitimate wants of his children, or which might support all during the intermissions of employment to which all are exposed, may be worse than squandered.”

It was thus that the institution of Savings Banks lost, by being cried down by the leaders of the people, and by the discussion which continued as to their merits; and thus that they gained, by a close comparison with the kindred institution of Friendly Societies. The loss, however, was but temporary. In ten years from the date of their legal formation the deposits in Savings Banks amounted to upwards of sixteen millions sterling, and this sum had been contributed by no fewer than four hundred thousand persons. A writer of the period characterizes the progress made by institutions such as these “as one of the most striking manifestations of virtue that ever was made by any people;” and he seems to have had some good grounds for the opinion. “For persons merged in poverty and totally deprived of education, as the English population have heretofore so generally been, it is not easy or common to have much of foresight, or much of that self-command which is necessary to draw upon the gratifications of the present for those of a future day.” And though, as we have previously seen, the money here deposited could not have been put there by persons exclusively of the industrial class, yet it is clear that many of the labouring community did possess means beyond what were needed to procure them the necessaries of life, and that these institutions exactly met the want which was felt in not having the means to safely dispose of that little surplus, and to call it in when the need arose for it. The year 1827 was the year, it will be remembered, after one of the most terrible financial crises that this country has ever passed through, and yet, though the average amount of money deposited in Savings Banks in one year before this time had only been about 1,100,000*l.*, no less a sum than 859,734*l.* was deposited in 1827, and not half of that sum was withdrawn. These facts show the great hold which Savings Banks had already taken upon the country. Of what service they were during such times as those witnessed in 1826 we shall have to speak. We are far from anxious to trouble the reader with any statistical information which might easily be withheld, but the progress of which we are now speaking can be best traced by presenting first, a tabular view, which gives that progress from year to year, and which will likewise furnish material for remark.^[49]

TABLE 1.

Showing the Amounts invested by Savings Banks with the National Debt Commissioners from 1817 to 1841, with the Total Capital of all the Banks at the end of each year:—

Year ending 20th Nov.	Total amount credited to Trustees, including Interest.	Total Capital at the close of each year.
	£	£
1817	231,028	231,028
1818	1,533,812	1,697,853
1819	1,233,684	2,813,023
1820	807,825	3,469,910
1821	1,312,800	4,740,188
1822	1,849,264	6,546,690
1823	2,205,272	8,684,662
1824	3,149,151	11,720,629

1825	1,769,988	13,257,708
1826	1,131,659	13,135,218
1827	1,475,250	14,188,708
1828	1,734,374	15,358,504
1829	960,142	14,791,495
1830	1,056,584	14,860,188
1831	1,037,629	14,698,635
1832	1,099,368	14,416,885
1833	1,448,751	15,324,794
1834	1,575,016	16,386,035
1835	1,654,896	17,469,617
1836	2,006,588	18,934,591
1837	1,649,691	19,711,797
1838	2,200,663	21,446,341
1839	2,137,502	22,486,553
1840	1,949,126	23,549,716
1841	1,950,751	24,536,971

Remembering that this table does not give the actual business done by Savings Banks within this period,—which, indeed, from the absence of proper returns in the earlier years of those Banks it would be difficult to present,—many instructive lessons may be gathered from it as to their value and utility. In fact, however, and for all practical purposes, the amounts remitted by the Trustees to the National Debt Office very fully represents the progress of Savings Banks, for they may be considered as representing so much surplus every year, after all the claims on the banks had been met. The variations observable in the returns are accounted for quite easily by the state of the country at the time. When the amount falls, it may be taken for granted that the country is passing through a period of exceptional suffering and trial, and that the funds which have been patiently accumulated for times of need are thus made available when the necessity arises for it. The country was unusually prosperous, for example, in 1823-4, and an enormous surplus was returned. In 1825, as if to mark the coming storm, there is a heavy fall in deposits. In 1826, the tables were turned, not only in a figurative, but, so far as we are concerned, in a literal sense. The circumstance can be only too well explained. The *Quarterly Review* of that time gives a glowing account of the increased wealth of all classes, especially those of the trading community.^[50] “The increased wealth of the middle classes is so obvious, that we can neither walk the fields, visit the shops, nor examine the workshops and storehouses, without being deeply impressed with the changes which a few years have produced. In the agricultural districts we do not, indeed, see such great strides, but we see universal advancement.” Then we have the familiar record of the exportation of gold; of the Bank of England and provincial banks deluging the country with notes.^[51] Money became so abundant that a terrible rage for speculation set in; joint-stock companies with unlimited liability were projected for every imaginable object. On the reorganization of the South American republics, which had just then been effected, all sorts of proposals for mines were started; the El Dorado had to be found now, if ever.^[52] In the session of 1825, 438 petitions for private bills were presented, and 286 private acts were passed. The King, even, was so deceived by the general appearance of things, or was so purposely blind to their real state, as to congratulate the country, in July, 1825, on “the prosperity everywhere pervading the country.” The time arrives when anxious speculators begin to look out for some return for their money; they are told that their capital cannot possibly realize so soon; then the bankers are besieged, but, tempted by the abundance of money, they had discounted bills at long dates to an enormous extent, and lent money upon securities which were presently seen to be almost worthless. Then came the panic,—and then the crash. Commercial houses first failed, big, substantial firms, which were supposed to have the wealth of Cræsus at their back, came down thunderingly. “Many a firm of unimpeachable honour and unquestionable solvency was compelled to bend before the storm.” Then came the turn of the great banks: they had advanced their money to the merchants, and now that the security had failed, they also must bend before the blast. On the 5th of December, the news spread with the wings of the wind, that the banking house of Sir Peter Cole and Co. had failed; next day, Williams and Co. stopped payment; and from that time, without intermission, seventy country banks went down within six weeks.^[53] How things were restored to their original condition, and how promptly the Government acted during the terrible panic, we need not stay to tell. Savings Bank deposits fell from about three millions in 1825, to less than half that sum in 1826. More money was withdrawn in the year of the panic than had been withdrawn altogether since the year 1820. It is not a little curious, as showing that depositors in Savings Banks are less inclined to speculation than other classes, to point out, that during the panic a sum equal to at least fourteen millions sterling must have been safely lodged in the different provident banks of the country; and that little money was hazarded in the speculations of the time is evident from the fact that only one-tenth part of the whole amount of deposits was withdrawn to supply emergencies. In this way were those people rewarded who preferred a

safe deposit with a reasonable interest to "cent. per cent." and unlimited risk.

Nor can we stop to describe the result of the panic on the industrial classes. The picture of that terrible time has often been drawn, when thousands of hungry, infuriated men, roused by the sorest distresses, went about robbing shops, breaking machinery, rick-burning, chased by the constabulary, and fired upon by the soldiery. The time was a most disastrous one, but it was full of lessons for all classes. Many of the provident poor suffered little, and never had anything to fear, on account of having prepared themselves for such calamities. Those of the poor who acted less wisely, and ventured their little surplus in some speculation or other, met with few condolences. When a portion of them petitioned the House of Commons for relief, they were rather roughly told that they ought to have deposited their earnings in Savings Banks. It was on this occasion that Sir Robert Peel replied to this taunting, and recognised the imperfections of the existing machinery, by asking, indignantly, how the House could expect this to be done in cases where "the Savings Bank was perhaps twenty miles from the working man's home."

To return again to the table. In 1827 and 1828 the accounts show a much more healthy state of things, and it is clear that the deposits are steadily gaining their natural ascendancy over the withdrawals, when there is another rebound, of a greater magnitude than ever; the withdrawals not only exceeded the deposits of 1829, but the deposits of 1830 added thereto. There can be no question that, primarily, the Savings Bank Act of 1828, which came into operation on the November of that year, and under which the amount of interest allowed on deposits was reduced by 14s. per cent., was the cause of this exceptional and most important change. Like all misfortunes of this nature, it had its bright side, and was far from being an unmixed evil. As we have already endeavoured to show, a large number of depositors up to this period belonged to classes much above the artisan class; and as the former looked more to the interest given, while the industrious classes thought most of the security offered, it is no wonder and no calamity that the connexion which the higher classes had formed with Savings Banks was now dissolved. Henceforth, the returns may be looked upon as more than ever the result of habits of economy and thrift, and as representing the surplus money of the artisan and the lower portions of the middle classes.

The year 1830 shows that confidence was slowly returning, when again there is a period of great depression. Two millions of capital is withdrawn in 1831-2, over and above the deposits of those years, to meet demands on the banks. The political agitation of those years sufficiently accounts for this state of things. It will require little to be said in order to show that a time like that was likely to tell largely against such institutions as those under consideration. The time was one of great anxiety among all classes, and amidst the uncertainties and anticipations which followed in rapid succession, it would be only bold people, and those of more than average intelligence and power of mind, that could confide, without the smallest degree of wavering, in the stability of the country. We had a turbulent population at home, and amidst much agitation for their undoubted political rights, there were many clamouring for bread, many clamouring for work, and thousands for they knew not what: and France offered an illustration of what might possibly happen. With such manifest agitation everywhere, with funds falling, and the entire political sky lowering, there cannot be much wonder that many waited patiently for some issue before they trusted to resources other than their own. Not only were actual hardships endured during this great crisis in our history, but the working classes brought hardships upon themselves. Led by intemperate and impracticable men, many thousands of the more ignorant beguiled themselves into believing that the Reform Bill would do everything for them, and they would need to do nothing; that every man would be forced into independence and competence whether he would or no; that taxes would be repealed; and that in this new state of society there would no longer be any need of that spirit of striving which is at the bottom of all true schemes of social progress and advancement. This period over, many illusions were dispelled, many useful lessons learnt. Under somewhat fairer and happier auspices, society settled down into its old ruts again, only too thankful in many cases that the old ways were still open. After the year 1832, the progress of Savings Banks continued to be eminently satisfactory. There was a transitory cloud in 1837, and another in 1839, caused by exceptionally hard times, such as a bad harvest and scarcity of food, and distress in the manufacturing districts caused by unusual reverses in trade, when again the funds laid by came opportunely in aid; but, with these exceptions, the Returns furnish no further grounds for remark. We will therefore proceed to give a small table, which, without giving the details of each year, shows in a clear light the progress made by the banks at the expiration of three quinquennial periods.

TABLE 2.

From 1825 to 1840.

Year ended	Number of Depositors.	Total Amount of Deposits from 1817.	Increase.	
		£	Depositors.	Deposits.
20 Nov. 1825	358,160	13,769,988	—	—

20 Nov. 1830	430,166	15,739,907	72,096	1,969,919
20 Nov. 1835	587,488	17,705,228	157,322	1,965,321
20 Nov. 1840	824,162	22,915,940	236,674	5,200,712

Taking the year 1841, on account of the facilities for calculation afforded by the census of that year, we find that up to the 20th of November, 1841, the total number of Savings Banks in the United Kingdom was 555, of which 428 were in England, 23 in Wales, 76 in Ireland, and 28 in Scotland. The smallness of the number of Scotch banks is accounted for by the popular character of the private banks, and the fact that until within six years of the period we have reached, or 1835, none of the acts relating to Savings Banks had any reference to Scotland. The average amount of each deposit in 1841 was—in England about 30*l.*; in Ireland 29*l.*; and in Scotland 12*l.* The total number of depositors in England as compared with the population of 1841, was one to every 22 inhabitants, in Wales 1 in 58, in Scotland 1 in 52, and in Ireland 1 in 103.

One of the most positive proofs of the increase in the provident habits of the people between 1828 and 1844 is to be found in the increase of the number of small depositors. In 1828 the number of depositors in Savings Banks who had not subscribed more than 20*l.* was 203,604. In 1844 they had increased to 564,642, or nearly three times the number.^[54] The amount of the deposits in the first instance was 1,473,389*l.*; in 1844 it reached 3,654,799*l.* One writer, overlooking the fact that the increase here spoken of was a gradual one year by year, has endeavoured to trace the effect of the decrease in the amount of large deposits and the increase of the number of small ones to the operations of the Act for the Amendment of the Poor Law in 1834. There can be no question that this act supplied motives for economy, and operated in increasing the number of provident people; but in view of the fact that the increase in the number of depositors between 1833 and 1834 was exactly in proportion to the increase between 1834 and 1835 or 1835 and 1836, it is quite as proper, and we submit more so, to speak of Savings Banks operating beneficially upon the Poor Law, as that the Poor Law Amendment Act increased in this way the efficiency of Savings Banks.^[55]

What assistance these Savings Banks must have rendered during the crises through which the people passed between 1817 and 1841 may be judged by the use made of them. But we think we see more in Savings Banks than that they enabled many in times of hardship by a wise foresight to escape much that others suffered. We see in the progress of these banks undoubted evidence of the increasing prosperity of the country, in relation at any rate to the poorer classes; and they were among the direct agents in creating that prosperity. Savings Banks created and then fostered habits of economy and frugality, and every man won over to the pursuit and practice of these habits increased the sum of the prosperity manifest during the period we are considering. Perhaps we can make the position we here take up more clear from the following table,^[56] carefully compiled from the best sources of information on such subjects, and which we think is calculated to show the good influence of Savings Banks in a somewhat new and striking light.

TABLE 3.

Showing the Increase in the Deposits of the Savings Banks in each English^[57] county, between 1834 and 1841, and the Decrease in the Poor Rates during the same period:—

County.	Population in 1841.	No. of Depositors in Savings Banks in 1841.	Amounts of Deposits in 1841.	Increase of Deposits since 1834.	Expended in Relief of the Poor.	
					in 1834.	in 1841.
			£	£	£	£
Bedfordshire	107,937	3,584	111,526	35,016	77,819	41,063
Berkshire	160,226	12,020	359,676	64,152	100,183	74,708
Bucks	155,989	4,657	128,025	61,140	124,200	74,007
Cambridge	164,509	3,831	121,777	24,423	96,497	72,158
Chester	395,300	15,302	554,400	89,325	92,640	77,698
Cornwall	341,269	12,915	492,013	101,980	93,037	85,063
Cumberland	197,912	7,538	211,741	65,313	43,067	36,867
Derby	272,202	10,099	321,897	84,964	72,721	55,238
Devon	533,731	49,866	1,492,072	289,154	210,825	195,402
Dorset	174,743	11,470	412,628	110,350	84,293	80,097
Durham	324,277	7,023	201,354	17,596	79,399	66,639
Essex	344,995	14,413	428,202	86,941	239,946	170,356
Gloucester	431,307	25,526	818,157	190,324	161,449	130,321

Hereford	114,438	8,350	211,251	41,430	56,683	43,512
Hertford	157,237	3,785	113,425	1,195	85,799	61,250
Huntingdon	58,699	1,765	52,001	13,594	35,884	25,329
Kent	548,161	33,392	945,273	219,416	343,878	208,786
Lancaster	1,667,064	65,402	1,980,143	369,473	253,405	260,227
Leicester	215,855	6,803	173,581	31,329	100,857	70,423
Lincoln	362,717	18,451	497,509	82,035	161,074	103,894
Middlesex	1,576,616	176,849	4,521,589	598,329	582,412	435,606
Monmouth	134,349	3,099	76,651	23,416	27,626	24,819
Norfolk	412,621	18,336	527,300	162,298	306,787	182,229
Northampton	199,061	8,410	243,600	29,157	140,179	86,148
Northumberland	250,268	12,862	459,390	69,321	71,983	64,649
Nottingham	249,773	15,763	420,345	13,951	66,030	57,721
Oxford	163,573	10,246	285,713	28,324	80,616	76,474
Rutland	21,840	No Savings Bank.			7,008	7,453
Salop	239,014	16,452	557,190	69,543	84,493	57,571
Somerset	436,002	22,019	679,072	105,153	176,286	157,022
Southampton	354,940	23,942	687,473	99,324	203,466	142,507
Stafford	510,206	15,368	452,306	84,399	120,512	95,242
Suffolk	315,129	11,972	348,176	89,939	245,509	138,228
Surrey	582,613	31,250	749,199	159,068	261,501	199,477
Sussex	299,770	15,709	420,570	84,190	246,626	145,013
Warwick	402,121	22,291	468,270	93,168	158,159	102,828
Westmoreland	56,469	942	24,719	1,920	22,283	17,607
Wilts	260,007	11,706	413,941	97,140	173,925	133,573
Worcester	223,484	12,218	401,330	53,978	81,612	62,958
Yorkshire	1,591,584	69,545	2,105,866	435,129	418,742	372,166

In every county, as may be seen from this table, there is a decided increase in the number and amount of Savings Banks deposits between the two periods; and in every instance, except two, there is a decided decrease in the amount spent on the relief of the poor. Not only so, but taking the two exceptional cases, we find that in the one case, a small county, there had not up to this time been any Savings Bank established; and in the other instance, that of the large and populous county of Lancaster,—which shows an increase instead of a diminution on the two years in the amount of poor relief,—it is not less curious that its industrial population have never patronised the Savings Banks to the same extent, in proportion to their number and earnings, as the same classes have done in the country generally. Further, the three counties of Kent, Middlesex, and Norfolk, which in 1841 had the greatest number of depositors in Savings Banks in proportion to their population, also exhibit the pleasing fact of the greatest diminution in the amount spent in the relief of the poor. It may be said that many considerations ought to enter into such calculations as those we are making, and that at best such statistics only prove that the same causes, such as abundance of work, good harvests, &c., will contribute to the increase of surplus funds, and the decrease in measures of relief. But it must be borne in mind that prosperous trade does not necessarily produce frugal people and provident habits, though it often enough leads to unnecessary and vicious expenditure. By far the greater part of the decrease in the sums given for relief is unquestionably owing to the operations of the Poor Law Amendment Bill already referred to, which Lord Althorp carried through Parliament. Truly stigmatized before his time as “the great political gangrene of England,” the old Poor Laws of this country first made paupers, and then promptly maintained them. It is, however, the relative proportion in which the increase of Savings Bank deposits stood to the decrease of the sums for relief that we wish here to impress upon the reader, leaving him to form his own conclusions. And with all respect to those who framed the measure of 1834, which was very beneficial to the country and only just to the independent poor, we think the results have been rather too much magnified. From the year 1820 we can plainly trace a manifest improvement in the condition of the poor, and we have not scrupled to ask for a place for the Saving Bank system among those important agencies which have led to this improvement. Still, taking the measures of Poor Law relief as a good criterion of their condition, we find that the sum total paid for the ten years between 1811 and 1821 was 68,000,000*l.*, giving a yearly average of 6,800,000*l.* In the ten years ending 1832, the amount of poor rates was 62,900,000*l.*, or a yearly average of about 6,200,000*l.* Thus we have, in spite of what was considered the iniquitous system of relief, and in spite of an increase of population amounting to 16 per cent., a clear reduction of 5,000,000*l.* within ten years. The advancement is still more clear, if we take the case of the large centres of population, but this is perhaps, unnecessary.

The Returns, however, of the Registrar General may be supplemented by Revenue Returns for the same period, from which the improvement in the condition of the industrial classes may be made still more palpable. In 1814 the consumption of tobacco was 15,000,000 lbs.; in 1832 it had increased to 20,000,000 lbs., an augmentation of 31 per cent., while the population only showed an increase of 24 per cent. during the same interval. The amount expended upon articles which, like tobacco and intoxicating drinks, are not, to say the least, of the first necessity, forms no incorrect measure of the progress of the nation, and of the ability of the people to bear the national burdens which must be imposed. In 1814 the consumption of sugar was 1,997,000 lbs.; in 1832 it amounted to 3,655,000 lbs., an increase of 83 per cent. to be set against the above rate of increase in the population. The tea consumed in 1814 was 19,224,000 lbs.; in 1832 it had increased to 31,568,000 lbs., or an increase of 65 per cent.; and coffee increased from 6,324,000 in 1814 to 22,952,000 lbs., or an increase of 183 per cent., in 1832. The increased consumption of such articles, (not forgetting reductions in price,) was an evidence of nothing, if not of the growing prosperity of the people. Such items show that the people, as a mass, enjoyed a greater command over the comforts of life than formerly. The rich man, of course, added little or nothing to his ordinary consumption of the articles that were necessary to his comfort or convenience, but with the poor it was very different. For example, the amount of silk imported during the period of which we have spoken varied but little, while the imports on the article of cotton wool, the staple fibre of the masses, increased from 152,000,000 lbs. in 1820 to 259,000,000 lbs. in 1832, or an increase of 70 per cent.^[58]

Enough has been said, we hope, to show the gradual progress made in these years in all that relates to the social advancement and well-being of the people, and to what extent Savings Banks played a part on that advancement. Because these institutions have been proved to create frugal habits—in much the same way that the supply of intoxicating drinks creates in many cases a demand for them—as well as to give them direction and encouragement, we have endeavoured to prove their right to a foremost place among the many other mighty engines of civilization which have made Great Britain what it is. And now we must conclude this chapter with a less pleasant task, and refer briefly, at present, to two foes to Savings Banks, one without and one within, both of which had a very powerful effect as hindrances on the progress of these useful institutions. We refer to the doubts which began to be cast on the utility of Savings Banks by portions of the public press, and the serious frauds which now for the first time began to engage public attention. In 1844, when Mr. Goulburn's bill was under discussion and subsequently to that, several newspapers began to dispute that Savings Banks were either so useful or so wise as had been generally thought up to that period. The *Times* newspaper, with an hostility which Dr. Chalmers characterized as “most glaring” and “likely to mislead every artisan from the path of his true interests,” laughed at and ridiculed the system long after it had proved its usefulness in numerous ways. That paper, which opposed the new Poor Law of 1834 with great bitterness, and had treated with manifest injustice other schemes for the social amelioration of the poor, devoted several editorial articles in 1844 to throw discredit on the institution of Savings Banks. The articles in question were calculated to work a mischievous practical influence on many readers, especially on those who gave little attention to the subject of political economy; they were meant to create a spirit of opposition to Savings Banks, but in many cases they must have had the opposite effect and failed to convince all who were not equally perverse. To show the kind of argument indulged in by the leading journal at a time when it was equally as now the greatest newspaper power in the land, when its rebuke or praise had a weighty effect on any important measure, and when Cabinet Councils debated whether it should be propitiated or defied,^[59] we need only give the following extracts:—

“A labourer sixty years of age has, by hook or crook, saved 500*l.* We know such a case. The 500*l.* is the plague of his life. It would be a mercy to swindle him out of it, except that he would probably feel a good deal at the loss. Could he forget it, he would be both a happier and better man. To begin with, it is a guilty possession. His father is maintained by a distant Union; his sons and daughters are all but forbidden his cottage. He invests it in secret.... When he dies his children will squander it, not in dissipation, but in the mere feebleness and incontinence of ingrained poverty.”

Another extract striking at the root of all habits of providence and thrift:—

“When a labourer has saved 50*l.* or 100*l.* then the greatest difficulty comes: what is he to do with his money? He has caught a tartar. His usual course is a very natural one, because it is the first course that offers—to open a public house. He does so, and generally and happily loses his money. A labourer with 200*l.* in his pocket has a very fair prospect of the union workhouse before him. He is not commercial enough to open a shop, and small farms are obsolete. He may, to be sure, shut his doors against all his kith and kin, *and buy a selfish annuity with the sum*, which will just keep him while he rots and dies. But will he, and who is to advise him to do so?”

Granted that things are very different now to what they were when these remarks were penned, and that investments of any sort may now be made with comparative ease, it seems to us that the argument of the *Times* was based throughout on false assumptions; that it is a mistake to suppose that the primary or sole object of Savings Banks was to build up capitals for investiture in business or trade, and not for expenditure on the necessaries or comforts of life; nor to make every labourer a capitalist, in the usual acceptation of that term, but to enable him to end his days in some sort of independence, and in some degree of peace and

comfort. Savings Banks at their establishment were, always have been, and still are, meant for accumulations, not to be traded with,—though, of course, there is no prohibition,—but always have had and still have a homelier aim. They are meant to inculcate the habit of laying by for an evil day, for old age, the winter of life, or as Dr. Chalmers, we believe, strikingly puts it, “for those mishaps and sicknesses which might be termed its days of foul weather.” In such case the money will not be traded with, but in right season spent. The answers to some of the arguments of the *Times* are indeed so obvious that it seems superfluous even to state them. Money in hand is all the world over better than beggary. That the inculcation of such a principle will tend to fill our towns with paupers is monstrous absurdity. The object and design of Savings Banks are, of course, primarily, to seek to get hold of the surplusage of money in the hands of the poorer classes, to rescue it from vicious or unnecessary expenditure at the best seasons, in order to its forming a reserve for needful subsistence or additional comfort at another period. “A domestic servant,” says another article of the *Times*,^[60] “at the age of fifty-five or sixty, finds she is incapable of further employment. She has saved 80*l.* Very creditable to her, of course, and very stingy she must have been to her nephews and nieces to have done so much. But what is she to do with her 80*l.*?... Across the Channel such a sum would be a mine of agricultural wealth. On this side the Channel it would be a snowball in the sun.” This is, by the way, an extreme and unfortunate case, and one we would hope not often, in all the particulars, occurring. But were it frequent, surely 80*l.* in hand is better than nothing and an immediate resort to the parish. To say that the 80*l.* would always remain 80*l.* and would not melt away like snow before the sun, would be ridiculous; but if there be any virtue in self-reliance, and in self-dependence, it surely would *not* be ridiculous to say that that which enabled a woman to minister to her own wants in a greater or less degree, and in the same degree to rescue herself from becoming a burden upon other people, was, so far as it went, a solace and a blessing to her. Once, and only once more, the *Times* declared that “investing money in Savings Banks was mere hoarding,” nothing more than the creating of misers.

“It is most melancholy to notice the few helps and encouragements to thrift and husbandry which our present condition allows the labourer. We tell him to save. We put it as the most indispensable moral duty; the great commandment of our law. We build prisons (sic) for those whom age or calamity have proved transgressors against it; yet, having laid this heavy burden upon the labourer, where is the ‘little finger’ of help contributed by society. We refer him to the Savings Banks and to Friendly Societies, *i.e.* we tell him to hoard his money, or to secure an annuity, on the chance of old age. There cannot be two modes of investment less interesting, less social, less suited to the condition of the mind of a labourer. Where it is practised, we can only say that it is an act of faith and prudence so dry, so pure, so transcendental, as to be above humanity, especially that very form of humanity found in the English agricultural labourer.”

Here we think both arguments and facts are at fault. There can be no question that at this time there were many almost insuperable obstacles to the profitable investment of small sums. These obstacles, caused by the state of society and the tendency of legislation, especially on the distribution of land, have since been removed, and no longer influence the case. Why, however, the best should not be made of existing means is at least a fair question? People must save money—hoard it, if the term he liked better—before it can be used. It may be uninteresting and unsocial to save money instead of spending it, but people must do either the one thing or the other; and if they do the former, they at least know the value of a secure place of deposit where their money shall lie in safe and remunerative custody till it be needed. Then as to the facts. “The acts of faith and prudence,” “so dry, so transcendental, &c.,” were at that time, as at present, more frequent where the agricultural labourer is in strongest force than in almost any other part of the kingdom. In Dorsetshire—“poverty-stricken Dorsetshire,” as it is called by the *Times* itself—the Savings Banks return for 1843 averaged more than 2*l.* a head for the entire population, while in Lancashire, with its highly-paid manufacturing population, it only averaged 1*l.* Nor is this a solitary instance. The rural population throughout the country are by no means the least frequent visitors to Savings Banks.^[61]

Far more important, however, in their disastrous results than those attacks from without, were the blows levelled at Savings Banks from within. There were now developed inside these institutions seeds of much mischief, which materially retarded the growth of Savings Banks in subsequent years, if not of the habits which the promoters of Savings Banks sought to engender and foster. The subject of Savings Bank frauds will belong to a subsequent chapter; but as one or two cases occurred during the time treated of here, and had their influence on subsequent legislation, we have considered it advisable to dispose of them before proceeding to describe the legislation of the last twenty years.

It was seen from the commencement of Savings Bank operations that the first and most imperative element should be complete and unquestionable security. When Government undertook to legislate for Savings Banks it did so with a view to their protection from those frauds which must necessarily overtake some of a great number of semi-private undertakings. In 1817 the Banks were rapidly increasing in number and importance, and it was only natural to suppose and assume that abuses would creep into the management. To meet the probability of a misapplication of the funds, Government agreed to take all the money deposited with the trustees of Savings Banks, and to guarantee a certain fixed rate of interest for it, even above that which the fund directly obtained for itself. This was at once an encouragement to the frugal and a perfect security for such sums as were paid to the

National Debt Commissioners. In the interval, however, between the payment of the sums by the depositors and the second payment by the trustees, no safeguard was provided beyond the vigilance of the same voluntary and unpaid trustees. Those trustees were completely irresponsible after the year 1828. Before that time we can only assume their responsibility, not from the ordinary reading of the enactment, but from a decision which was given in a court of law. That decision was to the effect "that deposits are made by persons, not on the faith of the person acting as cashier or actuary, but upon the faith of the gentlemen who act as trustees.... If, therefore, the clerk or other person employed by them (the trustees) is guilty of peculation, they are themselves liable for any defalcation which may ensue." Whether this decision was right in law or not matters little now, inasmuch as the Act of 1828 released the trustees from any such obligation entirely, declaring as it did that "no trustee or manager should be personally liable, except for his own acts or deeds, or for anything done by him;" and even this was again limited "to cases where he should be guilty of *wilful neglect or default*." The valueless character of the safeguards granted to those who of all classes most needed ample security for that for which they had pinched and economized soon began to be seen.

Having limited the period of our survey in this chapter to the year 1844, we cannot here introduce the case of the great frauds in Savings Banks which created such painful sensations all over the country as one by one the most monstrous iniquities practised on the most deserving of the poor came to light. Our only reference here will therefore be to one such case in Ireland, and the first instance of the kind in England.

The case of the Cuffe Street Bank in Dublin, which, so far as we can find, was the first serious defalcation committed on Savings Banks made public, was also one of the most ingenious instances of an accumulation of frauds on record. The other case occurred in connexion with the Hertford Savings Bank in 1835. The Dublin fraud brought to light earlier than this date deserves the first place, not only on this ground, but because it was greater in extent and deeper in villany. No one can read of the numerous cases of fraud which have occurred at different times in connexion with the Irish Savings Banks without feelings of deep indignation. The influence, it is quite clear, is felt in Ireland to this day. The Irish people are quite an exceptional people, with whom forethought and self-control are not indigenous. One of the most important organs of public opinion in Ireland, in alluding to such topics, has said that "nothing can be expected from the Irish peasant until he learns to restrain his irregular impulses—impulses often generous, but too often impetuous and ill-directed—until he learns to make the gratifications of the present yield to considerations for the future." For many years the Irish poor were left to themselves, and the result was shown in their reckless and determined improvidence. The institution of Savings Banks is described as having come to the Irish industrial population like a ray of hope. Great improvement took place. The Irish labourer has never been worth so much as the English one,—the wages of many at the period of which we are speaking being generally sixpence, and scarcely ever more than a shilling a day,—and yet it can be proved that this very class had managed to contribute to the Savings Banks in Ireland, up to the year 1841, no less a sum than 2,000,000*l.* out of the total of 2,800,000*l.* then remaining in Irish Banks. It is impossible for pen to describe the result of a bank failure, occasioned by the worst possible circumstances of fraud, upon such classes as these. The actual failures spread dismay over the entire country. The loss they sustained was their ruin; for, so wronged, scores of them were thrown back despairing on their former recklessness, and referred to their treatment as full excuse for any amount of subsequent improvidence. And men will hesitate before they blame them.

The Cuffe Street Savings Bank at Dublin was originally established in 1818 as the St. Peter's Parish Savings Bank. It was started by several of the most influential gentlemen in Dublin, who formed themselves into trustees and managers. The then Archbishop of Dublin, Archdeacon Torrens, Judge Johnson, and Serjeant (afterwards Lord Chief Justice) Lefroy being among the most prominent. On the strength of the well-known character and wealth of the trustees, this bank from its commencement did a very large business; so much so, that it was calculated to have received in deposits in one year (1831, when the bank was at its best,) no less than 100,000*l.* The bank began on an unpretending scale enough, to judge by the appointment and pay of its only salaried official.^[62] This person was a Mr. Dunn, who combined in 1818 the functions of sexton to the parish with which the bank was immediately associated, with that of actuary of the bank, at a salary of five pounds a-year. The rector of the parish was security for Dunn; but all such considerations troubled the trustees but little. On the strength of this person's religious character, for "he was a very correct man,"^[63] he soon became factotum. Almost from the first a boy of the name of Ballance, whom Dunn had taken from a charity school, was his book-keeper. This lad was also a kind of general servant of Dunn's, living with him in his house, and soon became his perfect tool. Without making him his confidant—for the actuary was too cunning, as it seems, for that—he used him exactly as if he had been one. For eight years Dunn managed solely the affairs of the bank, giving the most perfect satisfaction to every one, depositors as well as trustees. In 1826, however, a Mr. Lannigan, a barrister, comes prominently upon the scene. This gentleman was a trustee, and seems to have been dissatisfied with being one merely in name. Mr. Lannigan began, therefore, a little "meddling," and from the way his interference was received, this trustee, shrewder than the rest, began to suspect something not quite right. He then looked narrowly into the system of keeping accounts, and was not long in finding sufficient to awaken the strongest suspicions of Dunn's malpractices. Dunn, however, had not been asleep all this time. He not only with great ingenuity kept his accounts as square as

possible, but operated upon the credulity of the other working trustees, and succeeded in getting a party among the number to form a wall round him. On Mr. Lannigan mentioning his suspicions to his brother trustees, Dunn's machinations stood him in good stead: they would not hear anything to the prejudice of this "very correct man." Mr. Lannigan repeated his attempts with the same effect; was considered a suspicious and troublesome fellow, and got no little abuse for his pains.^[64] For five years it is said this unseemly contest went on, and although this trustee succeeded so far as to get more than one sub-committee appointed, nothing came of it: the committee were too prejudiced in favour of their servant to go the right way to work in investigating the matter, or they were too easily blindfolded by him to find anything out. Mr. Lannigan, however, persevered in his opposition, and was rewarded by Dunn's retiring, amidst the condolences of the whole parish, which evidently thought him a very ill-used man. Soon the tables turned; and grief of this cheap sort gave place to bitter indignation. Immediately after the man had resigned a depositor applied for some money, when, on comparing his pass-book with the ledger, the account was found to be open in the former and closed in the latter. Hereupon the *ci-devant* parish sexton absconded. With eyes at length wide open, the trustees called for the books of other depositors, and without as yet making any noise, soon found that Dunn had appropriated 6,000*l.* to his own use. The trustees then communicated with the National Debt Commissioners, and asked their advice in the emergency, suggesting that some one should be sent over to inquire into the circumstances of the bank, and to close it, if it were found necessary to do so. Mr. Foot, one of the trustees, a Director of the Bank of Ireland, who had been one of Dunn's strongest friends, and who was now one of the most anxious that the position of the bank should be retrieved, took the communication to London, and succeeded in securing the services of Mr. Tidd Pratt. That gentleman went to Dublin, however, not to investigate the case; but simply to make awards, stating how far and in what cases the trustees were liable to pay the depositors. He adjudged in 208 cases, and to the amount of 11,864*l.* Of this sum 7,500*l.* were to be paid by the trustees out of the funds remaining in the bank, while the rest claimed up to that time did not consist of legal claims, as the money had been paid to Dunn out of office hours, at his private residence, and even in the street.

Mr. Pratt found out in making his awards that almost every legislative enactment relating to Savings Banks had here been systematically violated; that the bank itself had rules founded upon the Act, but that they had all been evaded. Depositors had placed as much as 200*l.* in the bank in one year, and had received interest upon all they had deposited; the same individuals were also found to have had two different accounts in the bank. In all cases of this kind where a deficiency existed Mr. Pratt ruled that the depositors could not legally recover, but he recommended in his private capacity, that if the bank were carried on, such sums might be paid out of the accruing yearly profits. Mr. Pratt is said to have recommended in the same way that the bank might go on under a fresh management, and seems to have appointed another set of trustees for the purpose; at the same time informing them that the National Debt Commissioners would *receive without remark* the yearly statements as usual, though those statements must of necessity for some time to come exhibit an increase of liabilities over assets. The bank was carried on, and against Mr. Pratt's advice the whole of the claims were at once met, "with a view," as the trustees said, "to induce a more perfect confidence." In 1845, the Government observing that year by year the bank was getting into a worse financial position,^[65] made an attempt to close it; but on the case being submitted to the Attorney and Solicitor General, they found they could not do so unless the Annual Returns were *not sent*. The Returns, worthless as they were, had been regularly sent, and thus the Executive was powerless. After another crisis at this period, the bank finally went down in 1848, the liabilities amounting to the sum of 56,000*l.* and about 90*l.* to meet it. The number of depositors who had accounts with the bank at the time was 1,900, nine-tenths of whom were poor people. In a debate which occurred in the House of Commons immediately after this failure, Mr. Reynolds, the member for Dublin, commented in strong terms on the conduct of the National Debt Commissioners, who had known the state the bank was in for fifteen years, and had never zealously interfered.^[66] This member also stated his intention to move for a Select Committee to investigate the whole question. The Chancellor of the Exchequer said he saw no objection to such a committee, and it was subsequently appointed. The proceedings of that committee, and the assistance which was given to the defrauded depositors after much debate, will be referred to in their proper place in the next chapter.

The results of this fraud in Dublin and the neighbourhood was most disastrous; not only so, but years afterwards, in remote parts of England as well as Ireland, this case of fraud was referred to with considerable bitterness, and urged as an excuse for prodigality and recklessness. There was at the time a still more important Savings Bank, with several branches, in Dublin; and so great was the effect of the fraud, that nearly all the money deposited in this bank was withdrawn within four weeks, and it was a considerable period before it recovered its position. The depositors in the Cuffe Street bank were of the poorest classes, and the effect upon them when they found they had been robbed of all they had is described as painful in the extreme. "Dealing with the case, and the details of it," said one influential gentleman, "I have never seen anything more calculated to excite painful feelings than this was; some of the depositors were on the very verge of wretchedness and destitution, without a shilling to support them." According to another excellent authority^[67] some died of want and distress, and many of them had to seek the shelter of the workhouse. Before the case came on for discussion in Parliament, several petitions were presented to

the House of Commons, praying for help, and setting the pitiable situation in which the frauds had placed many of the depositors before the public; and one, signed by 5,076 citizens of Dublin, with the Protestant and Catholic Archbishops of Dublin heading the names, bore out in full the facts to which we have just alluded.

The fraud in connexion with the Hertford Savings Bank was one of the earliest cases that occurred in England, the particulars of which have been made known. This bank, as will be remembered, was one of the first formed in this country. Like many more of the original banks, this one was conducted on the principle of making it a Head office for the surrounding district, with branch banks radiating from it as from a centre. Clergymen, as has already been stated, almost exclusively acted as the Agents for these branch banks. The Rev. Mr. Small, a clergyman at St. Albans, acted in this capacity in that town, and in the course of a connexion with this bank, extending over a period of several years, contrived to embezzle the money entrusted to him to the extent of 24,000*l*. This he did in two different ways. In the one case, he received deposits and did not remit them; and in the other, acting with due clerical discretion, he applied to the Head bank for sums in the names of depositors for which he had not received their warrants. The systematic frauds of this reverend gentleman were found out when the St. Albans Bank was detached from the parent stock under the erroneous impression that it was strong enough to commence business on its own account. It appears that in this way the trustees of the principal bank were only liable for half the amount of the defalcations; but it ought to be placed on honourable record, that eventually, through the liberality of the trustees, who, fortunately, were principally rich noblemen, the poor depositors were reimbursed of their losses in full. We have gathered the above facts from statements made in the House of Lords in 1835, and as the question of the liability of trustees and the security of deposits was then largely introduced, it may be interesting to follow up the story with a few remarks to which the case gave rise. The Marquis of Salisbury, one of the trustees, asked the premier, Lord Melbourne, if the law, as it then stood, could not be altered. The liability of trustees, inculcating, as it might, innocent men, rendered many gentlemen most anxious to withdraw their names from such offices. This was one horn of the dilemma. The other was, how depositors could be made to feel secure. "It was no trifling matter. When Savings Banks were first formed, but few individuals could ever have expected that the sums subscribed would amount to what they now were."^[68] It was high time that the security of these savings, and as to who was liable for them, should be once for all distinctly settled. Lord Salisbury was sure no one would like to remain a trustee without knowing the amount of his liability. He then appealed to Viscount Melbourne—who with himself was a trustee of the Hertfordshire Bank, and would have to pay a share of the loss—whether he would not have a bill brought in to remedy the grievance. Lord Melbourne thought it was not necessary. Much as he lamented, for his own sake and that of the country, what had occurred down in Hertfordshire, he did not think that in consequence of this one misfortune they should interfere with the general business of the Savings Banks in the country. Let them look sharper after the management, and then such things would not occur. Lord Brougham believed there had been great carelessness in the case of this particular bank, "but was happy to find that the trustees were such undoubtedly solvent men." Lord Salisbury and the Duke of Richmond were certain, if nothing had to be done, that many trustees would at once withdraw their names, "and then," said the latter, "the body of depositors would withdraw their money." Lord Denman reminded his noble friends that, if the trustees acted so, their responsibility would, in all probability, follow them into their retirement,—"he was by no means sure that their withdrawal would put an end to their responsibility." The Earl of Wicklow hoped that nothing would be said or done which would destroy the confidence of the public in Savings Banks. He trusted that, in this instance, "the trustees would be found liable for the whole of the deficiency." Lord Salisbury thanked the noble Earl for his kind wish, but explained how it was not possible that this could occur. An alteration in the law was eventually made, but the consideration of this change we leave till the next chapter.

[45] *Cobbett's Register*. January, 1817.

[46] Nearly, but not quite. Injury is still done by false and mischievous teachers of working men; and the latter resent what they consider their wrongs and grievances in ways which are equally unjustifiable, if not exactly similar to those adopted by their fathers. Those who would do real service to the working classes are those who take up and expose the fallacies of living demagogues, by which the latter are misguided and led to injure themselves by strikes, combinations, and hostility to capital and machinery. And educational reformers will do the State good service in endeavouring to get lessons taught in political economy to those who will be at some future day our mechanics and artisans, and who from continued ignorance of the inevitable laws of supply and demand, of the value, even to them, of the security of property, of the laws which regulate the operations of the market, may possibly fall into the errors and the mistakes of their predecessors.

[47] *Report of the Committee appointed by the Highland Society of Scotland to consider what is the best mode of forming institutions of the nature of Savings Banks, for receiving the deposits of labourers and others*. Edinburgh, 1815.

[48] Nine-tenths of the existing Benefit Societies are still held at public houses. This arrangement must always be, so long as it exists, a theme for reprobation. There cannot be many greater anomalies than this of the association of the club and the cup, the bane and the antidote, saving and wasting. Speaking on this point, the Rev. J. B. Owen justly remarks that the strange association "together verify the old pagan fable of the tub of Danaus full of holes, whose daughters were condemned to be perpetually filling it, while all that was so laboriously poured in as wastefully and hopelessly ran out." Or, as some one else has

put it who has employed the same figure more strikingly:—

"Like Danaus' tub
Is the public house club:
Their customers' mouths are the holes;
Ill spared is the 'chink'
That's wasted in drink,
To the bane of their bodies and souls."

[49] See next page.

[50] *Quarterly Review*, vol. xxxii. p. 189.

[51] "Many a man in that year," (1825), says Miss Martineau, "set up for a banker who would, at another time, have as soon thought of setting up for a king."—*History of the Thirty Years' Peace*. Lord Liverpool complained afterwards of the system "which allowed any petty tradesman, any cobbler or cheesemonger, to usurp the royal prerogative, and issue money without check or control."

[52] One prospectus of this date sets forth that, in the district proposed for a mine there was "a vein of tin ore at its bottom, as pure and as solid as a tin flagon." Another, "Where lumps of pure gold, weighing from ten to fifty pounds, were lying totally neglected," the quantity of gold in the mine "being considerably more than was necessary for the supply of the whole world." Mr. Canning, in reference to the companies projected, said soon afterwards, "They fixed the public gaze, and excited the public avidity so as to cover us, in the eyes of foreign nations, if not with disgrace, at least with ridicule. They sprang up after the dawn of the morning, and had passed away before the dews of the evening descended. They came over the land like a cloud; they rose like bubbles of vapour towards the heavens, and destroyed by the puncture of a pin, they sank to the earth and were seen no more."

[53] *Annual Register*, 1826.

[54] *Progress of Savings Banks*. A series of tabular views, 1829 to 1841, by Mr. J. Tidd Pratt. London. 1845.

[55] *Companion to the Almanac*, 1839, p. 131.

[56] See next page.

[57] We give the statistics as relating to England only. Scotland is out of the question, not merely on account of the slow progress of Savings Banks there, but more especially because of there being nothing analogous in Scotland to our English system of Poor Law relief.

[58] The mortality at the commencement of the present century was 1 in 40; in 1831 it was 1 in 58; and in 1841, 1 in 62; showing conclusively that the masses of the people were better housed, better clad, and, best of all, better fed.

[59] Miss Martineau's *History of the Thirty Years' Peace*, vol. ii. p. 88.

[60] *Times*, September, 1844.

[61] To make this statement more clear, we append a later Return, which, on other grounds, is interesting, as showing which classes of the community resort most frequently to Savings Banks. It speaks volumes as to the culpability of the higher paid English operative, that the agricultural labourer, with ten or twelve shillings a week, contrives to save more, relatively, than he does.

Counties.	Number of Accounts open in 1858.	No. of Depositors to every 100 of Population.	Average Deposits per head of Population, 1858.
AGRICULTURAL:—			£ s. d.
Berkshire	16,393	9·64	2 12 7
Devonshire	61,558	10·33	2 18 11
Dorsetshire	14,134	7·67	2 12 2
Yorkshire, East Riding	25,091	11·35	3 6 1
MANUFACTURING:—			
Lancashire	117,927	5·80	1 12 4
Yorkshire, West Riding	63,334	4·77	1 5 6

Something of this result can of course be traced to the varying facilities, such as the number of banks, which were not always established in the most populous localities.

[62] *Vide Report of the Select Committee appointed to Inquire into and Report upon the circumstances connected with the failure of the Cuffe Street Savings Bank*, 1849, from which our account is derived.

[63] "I am certain," said a reverend witness, "that he was a very correct man until the temptation of such an enormous quantity and overflow of money got into his hands."—*Report* (36).

[64] One of the questions asked, by the Chairman of the Committee just quoted from, of Mr. Fox, curate of St. Peter's, Dublin, was (32): "Do I understand you to say, that Mr. Lannigan communicated his suspicions regarding Mr. Dunn to the Board of Trustees?" "Yes," answered the reverend gentleman, "and we used to have *extremely warm contests* there on that account, because he was not a man very capable of explaining his meaning."

[65] The whole of Dunn's defalcations, which were found ultimately to amount to about 40,000*l.* were not found out till this year.

[66] Great attempts were made to show, at this time, that the Government had grievously neglected its duties, and that the Arbitrator exceeded his. From the anomalous and unsatisfactory state of the law, which occasionally placed the Commissioners and the Certifying Barrister in embarrassing positions, a

colour was often lent to these allegations. It is very clear that flagrant mistakes were palmed upon the National Debt Office, and never found out, and not less certain that, at this early period, Mr. Pratt was often hampered by uncertain and incomplete powers.

[67] Dr. Hancock, in a pamphlet entitled, *Duties of the Public with respect to Charitable Savings Banks*. Dublin, 1856.

[68] About sixteen millions sterling.

CHAPTER V.

LEGISLATION ON SAVINGS BANKS FROM 1844 TO THE PRESENT TIME.

"If there is any question why such importance should be ascribed to measures of a purely economic character, the reply is, that these minor matters insensibly build up the character of the nation; insignificant, it may be in themselves, they mark, in the aggregate, the well-being or the suffering of the British people."—*British Quarterly Review*.

It will be remembered that in the third chapter we described the course of Parliamentary action with regard to Savings Banks down to the year 1844, and in that chapter left Mr. Hume, after an unsuccessful attempt to reduce still further the rate of interest to be given to depositors. The year 1844 is remarkable in the annals of Savings Banks for the carrying of a measure known as Mr. Goulburn's Act. The bill which was introduced by that gentleman, who was Chancellor of the Exchequer in Sir Robert Peel's administration, was meant in great part to provide against the constantly recurring frauds in Savings Banks, and still more especially to allay the consternation among trustees of safe banks, who now loudly complained of the state of the law with respect to their liability. The discussion in the House of Lords to which we alluded at the close of the last chapter may be taken as showing that Savings Bank trustees were by no means satisfied, several years before this, with the uncertain state of the law. The great fraud on the Dublin Bank is described as having come upon many trustees like a thunderbolt, and, aware that they were not spared by the judicial bench^[69] in cases of the kind, they now threatened open rebellion. Mr. Goulburn received, as he stated subsequently before a Committee of the House of Commons, a large number of notices from such officers that, if the law were not modified, they would resign their trusts. Moved by such considerations as these, which the Government seem to have felt they could only disregard at the imminent risk of shaking the credit of the entire Savings Bank system, Mr. Goulburn introduced his bill (7 & 8 Victoria, chap. 83,) on the 2d of May, 1844, to amend the laws relating to Savings Banks.^[70] The principal matter with which the bill dealt was the liability of trustees, but this was by no means the only one.

Second only in importance was the proposal to again reduce the rate of interest. The remarks with which he introduced his proposal to reduce the interest rate are curious, to say the least, when viewed in the light of the speech to which we have previously referred. He felt confident, he said, that the country *had no right* to pay upon these investments a higher rate of interest than could be obtained from an investment in other securities. The Savings Banks rate was considerably higher than any other investment of money. Although the Act of 1828 had tended to reduce materially the number of depositors of the better classes, and had increased—as we have shown in the last chapter, we think quite conclusively, so far as figures can show it—in a still greater proportion the number of those who had deposited only small amounts, there were still many who were attracted to Savings Banks on account of the interest given being higher than that obtained from the Funds. Mr. Goulburn now proposed that the bill should contain a clause reducing the rate from 2-½*d.* per cent. per day, to 2*d.* With the same object in view, namely, to restrict the operations of Savings Banks to the class of provident poor, the Chancellor proposed to reduce the amount which any one could put by in one year from 30*l.* to 20*l.* and to make the total amount which could be deposited in any Savings Bank, 120*l.* instead of 150*l.*^[71]

A further proposition, which provided for another wide-spread evil in the same direction, was one requiring that no persons should be permitted to make deposits as trustees without stating the names of the persons for whom they were acting, and that no payments should be made in such cases except under a receipt signed by all the parties interested in the funds deposited. By means of the clauses in previous acts relating to trust accounts, the law was regularly evaded, and many persons had considerable sums of their own in Savings Banks, which they represented as being held in trust for other people, whose names even they were required not to divulge.^[72] This clause was carried without any trouble, as it met such a palpable evil; provision was made, however, that the law should not be applicable to trust accounts opened before the passing of the act. Had it not been for such an exception, those who had recourse to the stratagem of feigning the character of a trustee might have lost much of their money, on account of the difficulty or impossibility of obtaining within the time the signature of the party apparently interested. Though the clause was not made retrospective, as some urged it should be, as a punishment to those who had deceived the managers of Savings Banks, it was clearly the best thing that could be done to put an end to the practice, which entirely depended on the powers of the so-called trustees to draw out the money alone.

Mr. Goulburn spoke next on the question of liability of trustees. Though the topic was engaging great attention out of doors, little was said upon the point on this occasion: the section of the act thus passed so quietly, was, however, pregnant with meaning, and, as it turned out, pregnant with results. The clause provided that no trustee or manager of any Savings Bank shall be liable to make good any deficiency which may hereafter arise in the funds of any of these institutions, unless these officers shall have respectively declared, by writing under their hands, *that they are willing to be so answerable*; and not only so, "but it shall be lawful for each of such persons, or for such persons collectively, to limit his or their

responsibility to such sums as shall be specified in any such instrument." This declaration was, of course, to be lodged with the National Debt Commissioners. On a trustee or manager making it, he became liable to make good every deficiency that might arise in the bank with which he was connected, whether through his own carelessness, or the cupidity of those under him; if a declaration of this sort were not made, he was liable for nothing.^[73]

The above were the three most important changes made in the law of Savings Banks under Mr. Goulburn's Act, but there were several minor clauses introduced into the bill which deserve mention, and which were, there can be no doubt, equally with the more important sections, the direct results of the systematic frauds already described. With his eye direct on the Cuffe Street actuary, concerning whom the Government knew more than was generally known in 1844, the Chancellor, whilst studiously avoiding all mention of the Dublin case, spoke of those who, ignorant of business, took their money to improper places, and made deposits out of office hours. The fourth section of the Act was, therefore, designed to meet such cases, by declaring any actuary or cashier who should so take money out of course, and not account for it at the very first meeting, to be guilty of a misdemeanour, and liable to be punished for fraud. Section 5 required that deposit-books should be produced at the bank at least once every year for purposes of examination and check. Section 17 provided that bonds of sufficient security shall be given by every officer of a Savings Bank trusted with the receipt and custody of money, and that these bonds shall be placed (not with the Clerk of the Peace as before this Act), but under the charge of the National Debt Commissioners. The old arrangement likewise for depositing the Rules of the bank with the Clerk of the Peace was repealed by section 18, and in its place the next section enacted, that when a new bank was proposed, two written or printed copies of the Rules of such bank should be transmitted to the Barrister for his certificate, who, on approval, was to send one copy back to the Bank authorities, and the other forward to the National Debt Office. It was the 7 and 8 Vict. which, in addition, conferred extended powers on the certifying barrister, by appointing him final Arbitrator in any disputed case. The bill, after having been modified in one or two respects, and contested on several points,^[74] received the Royal Assent in August, 1844, and was ordered to take effect on the 20th of November following.

It will not be supposed that the bill, of which the above is an outline, was passed through its different stages without a word from Mr. Hume. That member may well be forgiven for alluding on one of these occasions to the past, and stating, how, so far as the rate of interest was concerned, he had been fighting for the very thing which was likely to be brought about. This was clearly a case of patience and obstinacy rewarded.^[75] The bill, however, Mr. Hume stated, scarcely went far enough for him, though it was in the right direction. He still held the opinion that persons holding Government security should be placed on the same footing, and that those who had 20*l.* in the Funds should be dealt with in exactly the same manner as those who had 1,000*l.* In this, however, we cannot help thinking Mr. Hume went rather too far, and argued on the assumption that there was no difference between the shilling of the rich and the shilling of the poor man. Mr. Goulburn in replying to Mr. Hume said, he knew this was a favourite point with the member for Montrose; but he could not concede it: a poor man with 20*l.* in the Funds could not and never would be able to bear a fall in the Funds so well as the large stockholder.

Early in 1848 a Committee of the House of Commons, consisting of the Chancellor of the Exchequer, Mr. Goulburn, Mr. J. A. Smith, Sir J. Y. Bullar, Mr. Shafto Adair, Mr. Bramston, Mr. Gibson Craig, Mr. Fagan, Mr. H. Herbert, Mr. Herries, Mr. Hume, Mr. Reynolds, Mr. Poulett Scrope, and Mr. Ker Seymour, was appointed to inquire into the state of the Irish banks. As already related in the last chapter, the Cuffe Street bank soon broke up after the trustees were enabled to take refuge under the Act of 1844. Into this inquiry, which we have before referred to, it is unnecessary to enter much further; it presents little else than information relating to the flagrant breaches of faith of officers to whom were entrusted the hard earnings of hundreds of the poorest people living around them. The scope of the inquiry was limited to Ireland. It seems to have been purposely intended that a full investigation into the general Savings Bank question should not now be made. The inquiry was not extended in any sense to the English banks, though some of the most prominent English managers offered to give evidence. Doubtless the Government feared that a full exposure of the frauds in Savings Banks, an inquiry into several matters connected with the disposal of Savings Bank money already beginning to be mooted, might have the effect of shaking the confidence of the people. People were openly saying that Government had not done its best to make the Savings Bank a secure repository for the people; yet, rather than raise this issue before a Committee of the House, it submitted to have the investigation that was made designated "a perfect star-chamber business," and the members of Government themselves subjected to great ridicule. The Committee sat only nine days, and made a report to the House, which Lord George Bentinck characterized as "the most extraordinary one that ever was presented to Parliament." "It is as remarkable for its brevity as for its vacuity—as brief as it is worthless." The report is certainly brief, and may here be given without curtailment: "Your Committee," it commences, "has proceeded with the inquiry entrusted to them by the House, but owing to the late period of the session they have found themselves unable to bring it to a satisfactory conclusion. They are of opinion that it is advisable that a further inquiry should take place, either during the recess or in the next session of Parliament, regulating the liability of trustees, and providing for the appointment of *auditors* to Savings Banks."

The Government immediately set to work to introduce a bill. They saw that a great mistake had been made four years before, in settling the question of the liability of trustees in the way it was done, and now the endeavour must be, if possible, quietly to re-enact the old law in this particular, making trustees liable in the way they were before 1844. The great mistake in this instance, and that which proved fatal to the attempt, was in legislating for English as well as Irish banks, when the inquiry upon which the bill was taken to be founded had been limited to Ireland, and was not allowed under any circumstances to extend to England. The debates to which the measure of 1848 gave rise are certainly the most animated that ever took place in the House on this subject, and it will be interesting, as in different ways indicating the feeling of the country, to notice the expressions of opinion which the discussion elicited. The *Chancellor of the Exchequer*, Sir Charles Wood, in moving the Bill to amend the Law of 1844, appears^[76] to have urged that the clause requiring the trustees to voluntarily assume responsibility had completely failed; that few trustees would take the responsibility upon them, and that, consequently, depositors were losing faith in the banks;^[77] irregularities were increasing; and the trustees had not even the pretence of a sufficient inducement to make them attend to their self-imposed duties. In place of no responsibility at all, he proposed that each trustee should be responsible for a certain sum, which would be large enough to ensure a reasonable amount of attention, and so small as not to frighten them into resigning their office altogether. This sum it was proposed to fix at a hundred pounds. Clauses in the bill also provided for the appointment of auditors, as suggested by the Committee of Inquiry, and for the examination of depositors' books, "that once in each year the books of every depositor shall be produced at the office of each Savings Bank, for the purpose of being inspected, examined, and verified with the books of the institution by the auditor."

More from the way in which this bill was introduced and the circumstances attending the Committee of Inquiry, than from any decided opposition to the Government proposals, much agitation prevailed among Savings Bank officials, which was ultimately made to extend to depositors.^[78] The latter were led to believe that the proposed legislation would in some way be inimical to their interests, and petitions were got up, praying that no further Acts should be passed until a full inquiry was made into every part of the Savings Bank system. *Sir Henry Willoughby*, who for some years before this time, and till his death, took much interest in this and cognate questions, again presided at a meeting of Savings Bank managers in London about this time, and helped them to concert measures of opposition. Before speaking in Parliament on the introduction of the bill under consideration, he presented two large petitions, signed by 79,000 depositors in Savings Banks, praying that Government would cease their interference with these institutions. This gentleman then referred to the quietness with which Government had introduced such an important bill, "not having given such a notice as was invariably given even with respect to the commonest turnpike road." And the quietness was a mistake of no ordinary moment. Had the details of the bill now introduced been understood by the country, there might have been opposition from managers of Savings Banks, but there could not well have been so much dissatisfaction expressed by the Press, or by the body of depositors, whose interest every clause of the bill was meant to conserve. Sir Henry Willoughby also on this occasion gave utterance to the feeling which was in many other minds, and which had led to the opposition then manifested, by alluding to "the impression which had got abroad and which he believed was perfectly true, that the money of depositors was used for other purposes by the Government than those that related to the Savings Banks." Whether the money was used advantageously or not he would not say, for that was not the question. *Colonel Thompson* spoke strongly of the erroneous impression that everybody had been in about the Savings Banks having full Government security for their money; so strongly, indeed, that in another place we shall make further allusion to him. The bitterest opponent, however, which the Chancellor met with on this occasion was the leader of the Opposition in the House. *Lord George Bentinck* felt sure that the bill was one which its mover (Sir Charles Wood) did not understand. After going into the details of the measure, and endeavouring to prove that the examination of depositors' books could not be accomplished in the larger banks every year,^[79] and that the smaller concerns could not afford to pay for auditors out of the small surplus of interest which went to pay expenses, Lord George added, "Surely a Government which had proposed so much and done so little, can refrain from doing harm, since they cannot do good; and will not press this most discreditable bill through the House at the end of August without necessity for it, and against the opinions of those best calculated to form a judgment." Irish members, seeing the turn the discussion was taking, urged that, at any rate, the bill might apply to Ireland. It was patent to everybody that the poor depositors in Ireland needed every protection, however secure the same classes might feel in England. In Ireland such a bill was really required, and was necessary, to restore confidence in Savings Banks;^[80] why not make it apply to Ireland only? After an unsuccessful attempt on the part of Lord George Bentinck to throw out the bill altogether, it was decided, on the motion of Mr. Wodehouse, and by a vote of thirty to eleven, that the words "Great Britain" should be struck out of the motion, and that the Act should simply apply to Irish Savings Banks.

That the bill now passed was a beneficial change in the law, and a considerable step in the right direction, no one now doubts; had not the perverseness of Savings Bank officials prevented the Government from making its provisions apply to England, much subsequent suffering and grievous loss would have been saved to many of the best classes of our industrial population. It was a safeguard such as was wanted in Ireland, and it answered

admirably.

The bill having been made law, and new depositors secured to a considerable extent from robbery and exaction, the attention of the Legislature was called to those who had lost their all by past frauds; and the records of Parliament show that one member after another reverted to such topics until redress was obtained. On the 29th of March, 1849, *Mr. Reynolds*, the member for Dublin, moved for the appointment of a Committee to investigate into the case of the Cuffe Street bank in Dublin, and to ascertain who were liable for the extensive frauds in that bank. He alluded to the unsatisfactory result of the previous inquiry, which was, indeed, not meant to be final. In making his motion, Mr. Reynolds, who had access, of course, to the best sources of information, entered into a full account of this bank, stating, indeed, many of the facts which we have already given. He complained most bitterly of the Government, who had accepted the advice of a "flippant barrister," as Mr. Pratt was designated, and who had suffered the bank to go on when it was known to be in a state of hopeless insolvency. He described the heartrending scenes which he had witnessed in Dublin, owing to the failure of the bank, and during the last eighteen months, and related some of the cases to the House, where they had ended in insanity, death, or suicide. That the depositors were mostly poor persons he proved, by stating the average amount due to each of the 1,664 persons who were creditors of the bank to be but 27*l*. Mr. Reynolds added, that he had no hesitation in saying, under the peculiar circumstances of the case, that the Government ought to make good the loss.^[81] If he had not proved that point, he left it to a Committee of Inquiry to take up. "In the name not only of justice, but of mercy and compassion," he besought the House "to agree to his motion, and to save many poor persons from utter and total ruin." The member for Dublin University (Mr. Napier) seconded the motion for inquiry, and discussed many of the details of the failure from a legal point of view. In one remark, he gave expression to a very general feeling: the course of legislation on Savings Banks had plainly been to reduce, for strong reasons doubtless, the responsibility of trustees; in proportion, however, as that responsibility was reduced, so he, Mr. Napier, thought the moral responsibility of the commissioners increased. "Precisely in the same degree as the trustees were relieved, should the vigilance of the other body have been awakened." Nor was it less unfortunate—though this is a matter which was not alluded to—that at a time when it was thought most fitting that the interest on deposits should be reduced, steps should also be taken to make them less secure as well as less remunerative.

Mr. H. A. Herbert, the member for Kerry, proposed an amendment, extending the inquiry to this Tralee and Killarney banks, and also to the single case of failure in Scotland, at Auchterarder. Mr. Herbert dwelt upon the case of these frauds in an able manner, but we reserve the consideration of them to the next chapter. The reference to the Scotch case doubtless called up Mr. Cowen, the member for Edinburgh, who was sorry to hear of the necessity for any such inquiry in Scotland; he "had been accustomed to think that they were above suspicion in Scotland with reference to their banking matters." *Mr. Cowen* said that he regarded all discussions on Savings Banks as most momentous, and as involving the consideration of the most important national questions. "It was of the greatest importance that Savings Banks should be placed on a solid foundation, and cleared of all those injurious anomalies which now attached to them," for he "believed that they might be made the means of aiding in a great measure to stem that flood of pauperism which was now overflowing the land." Much warm discussion followed. The *Chancellor of the Exchequer* alleged that the proposed inquiry would be both a useless and an expensive one; and Mr. Goulburn, the ex-Chancellor, who was equally committed to the same course of legislation and the difficulties which that legislation had brought upon the Government, rendered prompt assistance by saying exactly the same thing. On a division, it was carried by a majority of three in a House of 100 members, that a Committee should be appointed; and by a majority of eight, that the inquiry should extend to the three Irish and the Scotch defaulting bank.^[82]

It was one thing, however, to carry a Committee of Inquiry in the face of both the great parties of the House, and another to nominate the members who should compose it; and this Mr. Reynolds subsequently found out to his evident chagrin and disappointment. The Government had clearly not been sufficiently on the alert, and hence they had been beaten in the first particular; they secured themselves however against any further defeat. In the following April, Mr. Reynolds proceeded according to usage to nominate his Committee, which he wished should consist of eight English and seven Irish members. The Chancellor of the Exchequer objected, and wished for the reappointment of the Committee of the preceding session. Mr. Goulburn promptly assisted by saying, that it would be a reflection on the Committee of last year if it was not so reappointed. In that Committee there were only three Irish members, though the subject then, as now, had exclusive reference to Ireland. Mr. Reynolds, Mr. Herbert, Sir Henry Willoughby, stoutly contested the point, which ended in the names of two additional Irish members being proposed. The Government saw the importance of the question, and that the inquiry would be made in this way to turn upon the administration of Savings Banks generally, and the responsibility of Government in regard to them, and succeeded in resisting any change by an adverse majority of 111 to 74. The whole of the names not having been gone through on this occasion, the Irish members returned to the subject again a few days subsequently. "In the names of the poor who had been rendered paupers by laws badly administered," one member asked, "for an impartial jury." Some of the daily papers had declared that the Government meant to pack the Committee and so get a favourable decision, and this encouraged the independent members

to persevere. Mr. Herbert said, "the Government all along most consistently attempted to quash inquiry." He condemned in strong terms, and under the apparent approbation of the House, the conduct of Mr. Pratt in relation to the Irish banks. Mr. Reynolds declared he would divide the House upon all the remaining names offered by Sir Charles Wood. After two divisions, however, when he was left in a minority of 42, and 59, in a House of 202 members, he desisted from carrying out his threat; though he had a close phalanx of followers, he saw he had no chance against the combined hosts which the leaders of the two principal parties in the House had brought to bear.

The members ultimately appointed were the Chancellor of the Exchequer, the ex-Chancellor, Mr. Herries, Sir George Clerk, Mr. P. Scrope, Sir G. Y. Bullar, Mr. Ker Seymour, Marquis of Kildare, Mr. Adair, Mr. G. Craig, Mr. W. Fagan, Mr. Bramston, Mr. J. A. Smith, Mr. H. Herbert, Mr. Reynolds. This Committee sat thirteen days, and examined nine witnesses, including several officials connected with the Cuffe Street bank, Mr. Tidd Pratt, Mr. Higham of the National Debt Office, and Mr. Boodle of the St. Martin's Place Savings Bank, but came to no conclusion, and recommended nothing to the House.

On the 13th of May, 1850, the same gentlemen were reappointed under the self-same conditions as in the previous year: they sat eleven days, and examined some of the same and other witnesses, and on this occasion made a long and exhaustive report to the House.^[83] This report, for which all the members except Mr. Reynolds and Mr. Herbert voted (each of these gentlemen having produced a report of his own which the Committee would not accept), went over the case of the defaulting Savings Bank in Dublin very succinctly; exonerated National Debt Commissioners and their officers from blame; stated that they found the commissioners did not exercise all the powers they possessed, but this arose "partly from a misgiving as to the effect of an exercise of their authority, and partly from an unwillingness to run the risk of creating a discredit of these institutions;" and that if the trustees had taken the advice of the commissioners, when in 1845 they advised them to close the bank, the loss to the depositors would not have exceeded five shillings in the pound. For these and similar reasons the Committee came to the weighty conclusion, relative to this particular case of fraud, that "while they cannot admit the existence of any legal liability on the part of Her Majesty's Government, they recommend the case of the depositors in the Cuffe Street bank to the favourable consideration of the Government, with a view to the adoption of some measure which shall at least mitigate the extent of their loss." With regard to the other frauds into which they were instructed to inquire, they reported that there were "no peculiar features connected with them differing from those of other banks which have suffered from the dishonesty of their actuaries." They concluded by expressing their conviction of the unsatisfactory state and working of the existing law; proper power did not reside with any authority "to check abuses, however indisputable;" by expressing their opinion that the provisions of the law of 1844 had worked in a manner obviously at variance with the intentions of Parliament, and wound up by the following important paragraph:—

"Your Committee have observed with much satisfaction that the Chancellor of the Exchequer has introduced a Savings Banks bill, which is calculated to remedy several important defects in the existing law, and extends the responsibility of Her Majesty's Government to the depositors; and they therefore abstain from all observations on this part of the subject, further than to state the conviction, which this inquiry has forced upon them, of the urgent necessity for further legislation, if those institutions, which have of late years acquired an extent and importance so little anticipated by the original founders of Savings Banks, are to preserve their hold on the confidence of the country, or produce the beneficial results expected from them in encouraging and rewarding the industry and self-denial of the working classes."

This report was presented to the House on the 1st of August, and at once referred to a Committee of the whole House. Next day, the Chancellor of the Exchequer proposed that a grant of 30,000*l.* should be made to the defrauded depositors in the Cuffe Street bank, out of the Consolidated Fund. *Sir James Graham* opposed the grant. If this money was a matter of charity, he argued, they were opening the door to a dangerous principle; if of justice or equity, the claim ought to be paid in full. It was unworthy of the British public to compromise for ten shillings in the pound. Other members asserted that if Cuffe Street depositors were paid, the poor creditors of other insolvent banks would likewise have to be paid. Generally, however, the House felt with the Committee; it was altogether an exceptional case, the claims of the former being, as Sir Charles Wood expressed it, "something between equity, sympathy, and charity." *Mr. Bright*, a resident of Rochdale, and *Mr. Sharman Crawford*, the member for that borough, whose ears had lately rung with the tales of heartless deception practised there, were both for paying these depositors in full; "there might be no legal claim, but there were the claims of equity and morality." Mr. Bright, indeed, went so far as to say, that if Government would bring in a bill to secure other banks in future from these dreadful calamities, he would willingly vote that all claims from Savings Bank failures should at once be met by the State. The House divided on Sir Charles Wood's motion, when 118 members voted for it, and 39 against it. We may as well say here that several attempts were subsequently made to get the remaining 30,000*l.* from Government, but without avail.^[84]

It will not be difficult for the reader to understand the position of affairs up to 1850. The law was clearly unsatisfactory; it had been pronounced so by Committees which, though

composed of nearly the same members, had sat in three successive years, and patiently examined into the question in its every detail. The only difference of opinion indeed in the Committees was, as to the persons who were liable, and to what extent, for the defective state of the law, and the results to which it had led. Nor is it at all wonderful that legislation should have been needed. Savings Banks, as it was often pointed out about the time, had increased enormously within a short period, and beyond all proportion to the expectations which were originally formed with regard to them. When they were first started, many benevolent individuals entered heartily into the work of managing them, and asked for no return, except the sense that they had assisted in a humane and praiseworthy object, for the labour they underwent. Putting two considerations together—the great increase of business, and the no less certain decrease in the first ardour attending such enterprises—the increase of paid officials became absolutely necessary, and in almost a corresponding ratio did the unpaid machinery decline. Slowly but surely the management of Savings Banks went out of the hands of an unpaid into those of a paid staff of officials, and every year the system of check became more nominal than real.^[85] It was apparent, not less from the proceedings of solvent Savings Banks than from the exposures made in the case of unsound ones, that those who had originally taken part in the establishment of these institutions slowly became honorary in place of active members of the board; and of those who still continued to take a share in the work, many had got into the habit of leaving their duties to subordinates, in some cases signing blank forms, and even cheques, to be filled up by the acting-manager at his discretion.

At this stage in the history of Savings Banks, the Chancellor of the Exchequer came forward,—as the reader has already learnt from the Report of the Committee of 1850,—with a bill to amend the law. This bill he introduced to the House of Commons on the 29th of April, 1850, and it forms part of our object to explain in detail the plan now proposed, inasmuch as for many subsequent years the same measure, with only trifling modifications, was offered over and over again to the consideration of the House, and as often declined, through the overpowering influence of the Savings Bank interest in the country. On bringing forward his bill, the Chancellor said he wished to avoid all reference to the past, except in as far as the experience of the past was a guide to future legislation. He very briefly traced the history and progress of Savings Banks, remarking at the time that, if he were not to do so, few could be aware of their real nature, and how they had grown to their present dimensions. We need not follow Sir Charles Wood through this account, nor even repeat the reasons which actuated the Legislature in making changes in the law from time to time up to the year 1844. Referring to the Act of that session, he described it as “most defective,” and the bill he wished to introduce would amend it. Speaking of the responsibility as to loss in Savings Banks, which many persons thought should rest with the Government, he repudiated the notion, unless Government was allowed to have some control over the persons who might occasion the loss. On the other hand, he did not wish to do away with “the most invaluable feature in Savings Banks—the local management.” He thought, however, that Government might take a medium course, and fairly meet the case by making such arrangements as “would end in the State bearing nearly the whole responsibility as regarded the receipt and payment of money.” What he proposed was to alter the enactment that the treasurers of Savings Banks should receive no emolument, *and to vest the appointment of Treasurer in the hands of the Commissioners for the Reduction of the National Debt*. The existing treasurers might in most cases be continued, and if they wished to work for nothing, they might still have the option; but he insisted on the Government reappointing such officers, and upon having a control over them. To this officer, or some one acting for him, all payments should be made over—the receipt and payment of money by any other person to be declared illegal.^[86] He considered that this arrangement would guard against the possibility of fraud. The treasurer and secretary, acting for different interests, as it were, could scarcely be guilty of collusion, and the one would in all cases act as a check upon the other. If this plan were agreed to, the Government would of course be responsible for every farthing paid to the treasurer.

This was the great and distinguishing feature of the measure which the Government was disposed to adopt; but there were other features in the bill of considerable importance, which ought not to go unmentioned. Thus, it proposed that the Act of 1844 should be repealed, and that trustees should be responsible for their wilful neglect or default, as in the Act of 1828. It was clear, however, that under the appointment of treasurers the responsibility would be little more than nominal. Another point which the bill provided for was an efficient audit of the accounts, the trustees of each bank to appoint an auditor, and the pass-book of each depositor to be annually examined, the auditor in each case comparing the book with the ledger of the office.^[87] The bill proceeded, further, to give power to the National Debt Commissioners to send down to any Savings Bank, should they see occasion for it, an Inspector, to test the accuracy of the accounts of that bank: with the other provisos already mentioned, depositors would thus be absolutely safe. The next clause provided against any further loss to Government. The Chancellor in introducing this subject spoke of the different rates of interest which had been given to Savings Banks, and said all of them were higher than could be given without loss. But this was not all. The loss sustained in having to pay out a large sum of money whenever called for, no matter how low the Funds were at the time, was equal almost to the former. After explaining the case, and giving examples of its working, he added that Government thus suffered a loss on capital and a loss on interest. “It had been proposed that Government should merely act as a

broker, making depositors subject to all the fluctuations of the Funds; but," said the honourable gentleman, "from the numerous communications I have received from all parts of the country, depositors think much of their getting their money back as they put it in, and looked to the amount of interest as a secondary consideration." He then gave a variety of statistics, and proposed that the limit to the amount of deposits should be fixed at 100*l.* and that the rate of interest should be reduced from 3*l.* 5*s.* to 3*l.* for trustees, and 2*l.* 15*s.* instead of 3*l.* 0*s.* 10*d.* to depositors.^[88] The Chancellor of the Exchequer concluded by expressing the wish that the bill of which he had given the principal clauses, should be discussed fully and temperately: it involved no party feeling, but it involved many things intimately connected with the welfare of the classes for which Savings Banks were established: he said he had done his best to meet the difficulties of the case, but difficult as it was to do, the matter ought at once to be settled, and to be settled once for all.^[89]

It, however, was not to be settled so soon. Before we refer to any further expression of opinion on the subject in Parliament and the ultimate decision in the case, it is only right that we should present the other—the Savings Bank—view of the matter, as uttered by the powerful, we had almost said corporate, body at St. Martin's Place. The Committee of Managers of this important London institution met, as their custom was, to pass resolutions on any matter affecting Savings Banks. A petition to Parliament was framed on the resolutions come to in this as in other instances, and similar petitions were got up and presented to Parliament from other Savings Banks, who naturally looked to the St. Martin's Place institution for advice and guidance. At a meeting held at this representative bank on the 14th of May, 1850, Lord Walsingham in the chair, the proposals of the Chancellor of the Exchequer were gone through *seriatim*, and all of them, without exception, disputed and condemned. It came to the conclusion that (1) the proposed introduction into Savings Banks of a Government treasurer, &c., "must lead to great confusion, and eventually to the disruption of these valuable institutions;" (2) that "the proposed reduction of the existing rates of interest and the limit in the amount of deposits will, besides imposing injurious restrictions on depositors, so diminish the means of defraying the expenses of management as to render it extremely difficult in some, and impossible in other cases," to engage efficient assistance; (3) that any further reduction of the rate of interest to depositors would only tempt them to withdraw their money from Savings Banks and place it in "more attractive, but frequently hazardous investments;"^[90] (4) that the grand principle on which well-conducted Savings Banks have hitherto been so efficiently managed, viz., "that of having the constant superintendence of gentlemen unconnected with the receipt or payment of money, will be destroyed if the new bill should be passed into a law." We ought to add that this Committee did not object to the abrogation of the law of 1844, which was passed "contrary to their expressed wishes and recommendations;" that, although they urged that frauds were comparatively rare, and far less in amount and extent than in public or mercantile establishments, and that for such reason there was no just ground for the introduction of an entirely new system such as was now proposed, they had no objection to a measure adapted still further to promote the solvency and good management of Savings Banks, only they must insist that the necessity for such important changes "should be considered by a Select Committee, and evidence taken from men of long experience in Savings Bank management." The last resolution to which this body came was, "That a petition to the House of Commons, founded upon the foregoing resolutions, be printed and circulated for the information of other Savings Banks."

To return to the discussion in the House of Commons on the bill now proposed, *Mr. Hume* in a temperate speech supported, on the whole, the Chancellor of the Exchequer. He held that Government ought to undertake one of two things—either to leave Savings Banks altogether alone, or else to ensure perfect security to the depositors, which he saw no difficulty in doing. Of course he agreed with the proposal to reduce the rate of interest and the limit of the total amount of deposits, remarking on the latter subject that he had known many cases where Savings Banks had been taken advantage of in a way that, he was about to say, was quite unworthy of them; "but let no man say that anything was unworthy where profit was the object, for he found in all ranks and classes a tendency to avail themselves of the folly of the public." Government, he thought, could not do better than try to encourage among the labouring classes the habit of saving; "for the moment a man had a nest-egg he desired to add to it, and thus were habits of economy and prudence fostered among the mass of the people." *Sir Henry Willoughby* opposed the bill; he thought the proposal to reduce the rate of interest would be "an extremely disagreeable measure." He referred, however, on this occasion principally to the management of Savings Bank funds, and expressed his opinion that what was required was that the management of the affairs of Savings Banks should be taken out of the hands of the Commissioners of the National Debt, and a separate commission appointed for the purpose.

Few members questioned the wisdom of the proposals at this time, but many expressed themselves dissatisfied that the bill would have no reference to the past, and that the Chancellor had not alluded in any way to the depositors who had lost their all by the bank failures and by the action of the bill of 1844. *Mr. Crawford* spoke of the Rochdale depositors, *Mr. Fagan* of the Killarney depositors, and *Mr. Herbert* of the Dublin and Tralee depositors. *Mr. Slaney* thanked the Chancellor of the Exchequer for the amount of attention which he had bestowed on the bill, which he "deliberately thought would interest more persons than any other measure that would be introduced this session." He thought the security now promised would be real, though he was sorry the Chancellor meant to make the people pay

for it. His opinion (and he had considered the subject of industrial investments very largely) was that neither the amount of, nor the interest on, deposits should be reduced; he would "be most willing to pay a small bonus to tempt the savings of these poor people." We are glad, however, to say that this view of the case did not meet with much approval. After several more appeals from such members as Mr. Bankes and Colonel Thompson, that Government would come to the rescue of the defrauded depositors who had, in their ignorance it might be, looked to the country for security, the bill was ordered to be brought in by the Chancellor and Mr. Attorney-General. On the motion made to read the bill a second time on the 8th of August, 1850, Mr. Hume and Sir Henry Willoughby importuned the Chancellor of the Exchequer to defer the consideration of the bill to the next session; the former urging that honourable members might study the reports of the Committees of 1849-50, during the interim, and the latter that time might be given "to allow of a consolidation of all the statutes relating to Savings Banks, and an inquiry into the whole subject." The Chancellor replied, that after the agitation which had been got up among the managers of Savings Banks, and the considerable misunderstanding which prevailed relative to the provisions of the bill, he reluctantly consented to withdraw it.^[91] Several members took the opportunity to urge that the Chancellor should bring the matter forward the first thing in next session; but the Savings Bank interest proved still stronger in 1851, and again Sir Charles Wood got nothing done, and never heartily took up the question again.

In 1853 an Act was passed to "Amend and Consolidate the Law relating to the Purchase of Government Annuities." The bill was introduced and carried through by the Chancellor of the Exchequer. This Act continued the same powers to the Commissioners as were given in 1833, and the clauses relating to the purchase of annuities, deferred and immediate, were continued. It further empowered them, however, to grant deferred annuities for a sum to be paid down at once, and not returnable, and also to grant annuities otherwise than through Savings Banks. It was said that the reason why the Act of 1833 had been practically inoperative was the want of such a clause: that the fact of only being able to buy a deferred annuity on the condition of money being returnable, not only caused many lapses, but made the tables heavier than they ought to be. Under the fresh clause better things were augured; any one purchasing such an annuity, it was argued, takes the chance of his not living to receive it, just as the member of a benefit society takes his chance of never being ill, and therefore never needing what he pays to secure if his health should fail. The benefit in return for this risk is, however, proportionally increased, inasmuch as the contributions of those who do not live to the term when the annuities commence, go to swell the contributions of those who may,—the purchase-money, in the case of money being returnable, being of course much larger than in the other, where more risk is run. We give the argument for what it is worth; but it is certainly curious that at a more recent date, when again the law regulating the purchase of annuities underwent alteration and amendment, a great outcry was raised, because the tables of rates, "with money returnable," were temporarily kept back; one respectable organ of public opinion going so far as to say that the changes would be inoperative till these tables were produced. An opposition was got up during the progress of the measure in Parliament, owing to the clause empowering the Government to grant life assurance policies to those who should likewise buy annuities. It was said now, just as it was urged, though much more strongly, subsequently, that there were great objections to the Government becoming a trading community, or doing anything which could be carried out by a private company. "The system of life assurance," said a well-known Scotch member, "was at present carried on so successfully and so judiciously by the ordinary life assurance societies, that it would be most unwise to interfere with them." Another member argued that the annuities scheme had so lacked success that no amount of tinkering would make it applicable to the country. The Secretary of the Treasury explained that Government were not anxious about doing the business of insurance offices, but only desired to give facilities, which the law did not then allow, for the conversion of Savings Bank deposits into a satisfactory provision for want or old age. The bill was read a third time, with a majority of 28 in a House of 56 members, and soon afterwards passed without any further difficulty, and received the Royal Assent. Such a measure, whatever the poorer classes might think of it, was well calculated to spread the spirit of independence amongst them. The State did well to offer the opportunity of increased facilities; and if those for whose benefit such schemes were intended did not avail themselves of them to secure, by a very small amount of temporary sacrifice in seasons of health and prosperity, a provision against those risks to which all the poorer classes are liable, of falling through unexpected contingencies into poverty and pauperism, the blame would rest elsewhere than with the State.

As we have already said, the session of 1851 passed without any attempt at legislation, and in the beginning of 1852, there being still no sign of action on the part of the Executive, the late *Mr. Herbert*, so well known in connexion with the Irish banks, proposed a resolution to the effect—

"That this House has observed with regret the continued neglect of Her Majesty's Government to fulfil their promise of introducing a bill for the regulation of Savings Banks, by which those important institutions may be enabled to preserve their hold on the confidence of the country, and a due encouragement be thus given to the industry and providence of the working classes."

There was every reason to believe that this resolution would have passed, until the

Chancellor of the Exchequer rose. *Sir Charles Wood* admitted that the bill had been far too long delayed; but this was no fault of his. It was thrown out in 1850; he could not get it introduced in 1851: it was ready, however, and it should be brought forward this session. He had not given notice of it, because he had been engaged in consultation with several members in so preparing the measure as to ensure its passage through the House. His firm conviction was, that the delay in the present instance had tended not only to improve the bill, but to diminish the chances of opposition to it when introduced. During the last four years the greatest pains had been taken to frame such a measure as should effectually remove the evils that had been complained of; and within the past few months they had had the assistance of a new Comptroller of the National Debt Office, who had "devoted himself with great diligence to the subject."^[92] He submitted, in conclusion, that he was not deserving of the censure of the House, especially as it had been settled to try the measure again during the present session. *Mr. Disraeli* agreed with Sir Charles Wood, though the resolution before the House was apparently justified by the circumstances, it would not be becoming in them to divide the House after what had been promised. The question was surrounded with difficulties, but notwithstanding these difficulties it was the paramount duty of the Legislature to grapple with it; and an opportunity would be soon afforded. *Mr. Disraeli* at this time did not know how soon he was to be in a position to grapple with the subject himself. Sir Charles Wood's pledge was not kept. All such measures as those we are considering have suffered greatly from the vicissitudes of administrations, and it was so in this instance. Towards the end of 1852 *Mr. Disraeli* succeeded Sir Charles Wood as Chancellor of the Exchequer in Lord Derby's first Ministry; but he had scarcely time, supposing him to have had the disposition, to take up the matter where it had been left. When the Derby Administration gave place to the coalition Ministry of Lord Aberdeen, and *Mr. Gladstone* took the place of chief financial minister, there was soon a better prospect of some settlement. Even under his auspices, however, matters at first went on very slowly; so multifarious were the questions and interests involved, that even *Mr. Gladstone's* powers were severely tried to clear the ground of the incumbrances which time and prejudice had reared. When *Mr. Gladstone* left office and was succeeded by Sir George Lewis much had been done; the necessary preliminary measure of a full investigation into the Savings Bank question by a Committee of the House of Commons had been decided; the real nature of the connexion existing between the Government and the Savings Banks was better understood: and when after a lapse of two or three years he returned to his old position, he took the matter up where it had been left, and carried the subject, by his unapproachable eloquence and energy to an easy and final solution. *Mr. Gladstone's* name will go down to posterity covered with honourable trophies of his great powers; but we question whether among the great schemes he has carried any will be remembered longer than those meant to increase among the lower classes the habits of prudence and frugality.

Early in 1853, and when he had but just succeeded to the office of Chancellor of the Exchequer, *Mr. Gladstone* gave notice that the subject must be taken up, and if possible settled. A bill^[93] was allowed to pass the second reading without discussion; but when the subject came up before Committee in July of that year, *Mr. Gladstone*, compelled to succumb to the wish that Parliament should be prorogued, asked that this and other bills might be deferred till the next meeting of Parliament. He said he had made great progress with the bill since it was first introduced; he had sought to get the opinion of the different Savings Bank managers upon it, and he believed he had acquired a pretty accurate knowledge of the state of feeling in the country on the subject.^[94] All this was favourable to the prospects of the bill; but now, as the House had lasted since November 1852, he feared that if it was pushed forward it might fail to pass. He should have liked to have got the question settled, but he now thought his object would be more speedily obtained by the delay proposed. Here the sagacious Minister was mistaken; the old adage of no time being better than the time present could often be well applied to proposals to defer desirable matters of legislation to a future session. No mention was made of the subject for nearly eighteen months; the country had more pressing, and, for the time, much more serious matters to consider, which it will be quite unnecessary to particularize.

On the 20th of December, 1854, *Mr. Gladstone* moved for and obtained leave to bring in two bills during the session of 1855: the one "to create a charge on the Consolidated Fund" of the money due on behalf of the depositors in Savings Banks, and the other, the bill for the management of Savings Banks which was withdrawn in 1853. In the former important proposal the Chancellor of the Exchequer desired to make the law more perfect as to the relation between the depositor and the State, by giving the latter a better title to the money invested with the State. He wished, in his own language, "to reduce the obligation and the contract of the State with the depositor to that simple form which is adopted by every banker." He would propose, "as respects the bulk of the funds received from Savings Bank depositors, that they should be held in this country as they are held in other countries," and not in the complicated form of Stock and other public securities. *Mr. Gladstone's* view, more than once expressed in strong terms, with respect to the State using the money belonging to Savings Banks, was that it was no matter to anybody what was done with the money,^[95] providing it were ready at call and the stipulated interest were given,—the stability of the country being surely a sufficient guarantee for its safety. Savings Bank authorities, on the other hand, disputed the right of the Chancellor to use the money; would prefer to use it themselves in other investments, if the funds were applied otherwise than under statute in the purchase of Bank Annuities; and referred to the uncertain title in law which depositors

had for the money according to the governing statute. Mr. Gladstone's bill proposed to give this title to every penny so deposited with the State, by throwing the burden of any deficiency arising on the Consolidated Fund, and so silence at any rate the last objection.^[96]

Early in the session of 1857 the then Chancellor of the Exchequer (the late Sir George Lewis) was several times asked if the subject of Savings Banks had not to be brought forward and concluded. These questions led to his promising to bring in the Government measure which, often brought forward and as often withdrawn, was still waiting for a tide of popular favour to carry it into law. On the 27th of February in this year he gave notice of this intention, and earnestly trusted that the House would allow it to pass. In a short speech, the points of which we need not recapitulate—for it dealt with the same facts and came to the same conclusion as those speeches of previous Chancellors already described,—he proposed the first reading. Then came the dissolution of Parliament, and its forcible postponement for one more session.^[97]

In a fortnight from the meeting of the new Parliament Sir G. Lewis, true to his promise, moved that the House go into Committee on the Savings Bank Bill, which had even then reached that stage. His motion was, "That it is expedient to amend the laws relating to Savings Banks, and to provide for the establishment of Savings Banks with the security of the Government." The Chancellor said that almost everybody was agreed as to the principles of the bill, though it was true that the managers of many Savings Banks contested some of the details. The greatest objection to the bill when last introduced being the provision to limit the total amount of deposits to 100*l.*, he would now propose, as it did not affect the bill at all materially, to drop that clause; the law to remain as it then stood. This was the only material difference; there were minor points, but they were not worth pointing out. He then went over the changes which the bill proposed to make in the law; the ample security he wished to give to all who deposited money in Savings Banks, at the same time taking no superfluous securities and imposing no unnecessary restrictions in order to guard the interest of the public. Should the local authorities of Savings Banks still be found unwilling to part with their own control, or admit any interference on the part of the Government, there was only one course left to him—namely, "to abandon the bill," to leave things in their present position, and continue a system by which the depositors are left entirely to the security of the local officers; while at the same time Government is left wholly irresponsible, except for the amounts actually lodged in its hands. "I trust, however, that the plan will be considered a reasonable plan," said the Chancellor, in conclusion, "that it will be found not to impose upon the local authorities any shackles of which they can reasonably complain, and that no securities are demanded on behalf of the public beyond what are absolutely necessary."^[98] *Sir Henry Willoughby* held that the law needed consolidating before any new Act was passed. It was not long since 200 petitions were presented to the House for a consolidation of existing statutes, and an inquiry into the entire system. Let the House take this step first. After speaking warmly on the subject of the disposal of Savings Bank money, he appealed to the Chancellor to refer the whole subject to a Select Committee, who should recommend a clear and well-defined legislative enactment. *Mr. Sotheron Estcourt* and *Viscount Goderich* took the same view; the former gentleman, however, warmly approved of the Government bill, which had "happily been re-introduced," and thought that "most of the alterations made were improvements." As a trustee of a Savings Bank he would consider his position infinitely improved by the bill. If, however, the feeling of the House was for a committee, this course could not prejudice the bill, though it would delay it. *Mr. Thomas Baring* thought the matter should go before a Select Committee; so did Mr. Henley. The Irish members, Mr. Slaney and others, were for passing the bill, and not deferring legislation any longer on any pretence. The Chancellor of the Exchequer opposed any further delay; the adoption of any other resolution would simply tend to shelve the bill for another session. If honourable gentlemen really wished to reject the bill, let them resort to the direct and fair course of doing so. He also was for consolidating the laws relating to Savings Banks; but till that could be done he thought it by far the best plan to introduce a few more clauses into the law to remedy grievances which could not wait to be redressed. The motion was then agreed to. The second reading came off on the 8th of June. *Mr. Ayrton*, in a long and animated speech, during which he said that the greater number of Savings Banks were now most efficiently managed on a principle which was most conducive in binding the humbler to the more influential classes, and that he could conceive nothing more calculated to destroy that sympathy than the present proposals—"felt inclined to move that the bill be read a second time that day six months." The result of the proposals would be a step in the direction of the system which obtained on the Continent, where every function of the community was usurped "by what was called the civil service of the country." Amidst cries of "Divide," Mr. Ayrton said he was strenuously opposed to any such system. *Mr. McCann* said the whole body of the people were unanimous in applauding the measure of the Chancellor of the Exchequer. *Sir Harry Verney* approved of the principle of the bill, but said he would like to see the subject referred to a Select Committee. *Mr. Barrow* opposed the bill and the Select Committee also. *Mr. Estcourt* again, in an admirable and temperate speech, during which he showed an excellent knowledge of the subject in all its bearings, assisted the Government in their proposals. To give the reader a proper idea of the ground taken by Mr. Estcourt, who, when the committee was eventually appointed, was made chairman of it, we need only give the concluding part of his speech on this occasion:—

"He earnestly wished that this session would not pass without a Government Savings Bank bill becoming law, and he hoped the honourable gentleman would persevere with

this bill; but even should the bill pass, he joined his voice with that of others in entreating the Government, after giving the poor man the guarantee which he did not now possess, to give to the public generally more accurate information on the whole subject, a clearer account of how the money was applied, and how the deficit spoken of had arisen. That information ought to be given, if only for the purpose of showing the groundlessness of the suspicious observations made against this bill; and therefore, though he heartily concurred in giving his voice for the second reading, he joined with other gentlemen in entreating the Government to give them a Select Committee, not in order to shelve the bill for the session, but, next year, for the purpose of assisting the Government, and giving the public that information which they ought to have."

Mr. Glyn and *Mr. Maguire* approved the bill without reference to a Committee, one of these gentlemen submitting that the Committee could sit on the general subject after the bill had passed into law. In reply, Sir George Lewis took the latter view, and said he would be glad to give every facility to the Committee in that case.^[99] After demolishing the man of straw which Mr. Ayrton had set up, the bill was carried without a division. So far things went on prosperously, but the opposition gathered in strength; Savings Bank managers again took the matter up, and urged, by petition and otherwise, that nothing should be done till a Committee inquired into the matter, and a bill be founded on the result of their investigation. The Chancellor of the Exchequer appointed several nights on which to proceed with the bill, but each night there were so many notices given of motions with regard to the subject—generally twenty or thirty—that the Government were compelled by the pressure of other business again and again to defer the consideration of it, and ultimately to withdraw it. In reply to Mr. G. A. Hamilton, the Chancellor said, on the 21st of August, 1857, that he had come to this latter conclusion mainly from the considerable misunderstanding existing among the local administrators of Savings Banks. He thought his proposals had not received the approbation which he conceived their merits justified.^[100] He would offer no pledge for the future, however, further than this, that if the House next session appeared to wish for a Select Committee, he would agree to the appointment of one.

The House of Commons met in the November of the same year, when the question being again raised, Sir George Lewis gave notice that immediately after the holidays, he would propose a Committee of Inquiry, who should be instructed to go into the entire subject. The Committee which was appointed on the 9th of February, 1858, "to inquire into the Acts relating to Savings Banks and the operation thereof," consisted of the following members:—Mr. Sotherton Estcourt (Chairman), Mr. Bouverie, Mr. Ayrton, Viscount Goderich, Sir Henry Willoughby, Mr. Bonham Carter, Mr. E. Egerton, Mr. Fagan, Mr. Cowan, Mr. Grogan, Mr. J. A. Turner, Mr. Henley, Mr. Whitbread, Mr. Bramstone, Mr. Adderley, Mr. Gregson, and Mr. Thomas Baring. They sat twenty-one days, and examined Sir Alexander Spearman, Mr. Tidd Pratt, Lord Monteagle, Mr. C. W. Sikes, Mr. John Craig; and the following eminent actuaries or other officials of the principal Savings Banks in the kingdom:—Mr. Edward Boodle, of the St. Martin's Place bank; Mr. Shopland, Exeter; Mr. Wortley, Finsbury bank; Mr. Saintsbury, Moorfields bank; Mr. J. Hope Nield, Manchester; Mr. Maitland, Edinburgh; Mr. Meikle, Glasgow; Mr. Sturrock, jun., Dundee; Mr. Jameson, Perth; Mr. D. Finney, Marylebone bank; Mr. Hatton, Brighton; Mr. Deaker, Dublin. Mr. W. H. Grey, a Government actuary, and Mr. Edward Taylor, of Rochdale, attended to give evidence on the subject of Savings Bank frauds. The Committee, as might be expected, from this imposing array of names, collected a most interesting and important body of evidence, and presented, pretty unanimously, an extremely exhaustive and important report to the House.

Upon the report of this Committee we shall have to draw pretty largely in more than one succeeding chapter, and will therefore content ourselves with describing briefly the general nature of the evidence, and with giving a summary of the Report presented with that evidence to the House. Further on in the present chapter we propose to attempt some account of the arguments used in the Committee with regard to the investment of Savings Bank money, when, two years later, a bill founded on the recommendation of the Committee was brought before the House of Commons, where the subject was warmly discussed. In this way, all the important conclusions come to by the Savings Bank Committee will at one time or another be fairly noticed. The evidence itself may be classified as follows. Mr. Tidd Pratt came on first, and gave information of the course of legislation on the subject, and in other ways the results of his long experience in such matters. Sir A. Spearman gave a full account, in an examination lasting over four days, of the mode in which investments were made at his office, and of the principal financial operations connected with these investments. Lord Monteagle, by permission of the House of Lords, attended and gave the Committee the benefit of his long and intimate acquaintance with such financial subjects. Mr. Boodle, who took the lead of the actuaries, and who, while falling into several inaccuracies, showed perhaps the greatest practical acquaintance with the subject in all its different bearings, described not only the manner of conducting the St. Martin's Place bank, but conveyed to the Committee the prevailing impressions of Savings Bank officials on the subject of the investment of their capital. Mr. Craig, of the Bank of Ireland, explained at length his system of book-keeping, and humorously described its introduction into the Cork Savings Bank. The other actuaries described the peculiarities of the different banks they represented; described frauds, and spoke of checks which had been devised for preventing their recurrence; and gave their opinion, which will be seen subsequently to have been anything but unanimous, on such disputed points as the limits of deposits, the rate of interest, making the audit, and regulating the expenditure. Few of the witnesses left the box without offering

some practical suggestion, or recommending something of value. All the gentlemen agreed as to the necessity of doing something. Most of them thought an independent Commission should be appointed to manage the affairs of Savings Banks. Every witness expressed his opinion that the one thing needful was a Government guarantee for the absolute safety of all deposits; and although Mr. Craig and others thought that this should be supplemented by a staff of Government inspectors, regarded the change as imperatively required.^[101] It is impossible, however, that we can at any greater length give the recommendations which were made on this and other important matters of which the witnesses spoke. Nor indeed can we do more than condense into the fewest possible words the full and voluminous Report which the Committee made on the occasion. Seeing that the demand for this Committee was so great, that so much pains were taken to arrive at a just conclusion, and that the Report itself was not without its effect on the institution of Savings Banks, we doubt not that we shall be readily excused for giving prominence to it, and for presenting the resolutions in which the principal points of recommendation are embodied.^[102]

1. That the laws relating to Savings Banks in the United Kingdom require to be amended, and to be consolidated in one Act.
2. That it is expedient to place the superintendence and management of the general funds of the Savings Banks in a Commission consisting of five members.
3. That it is desirable that this Commission be constituted of the Chancellor of the Exchequer, the Governor of the Bank of England, and three other persons appointed by the Crown, all of whom shall be paid.
4. That all expenses of the Commission be paid out of the moneys of Savings Banks; that the surplus fund shall be invested in public securities, and the interest carried to the account of the surplus fund, out of which such expenses shall be defrayed.
5. That the powers and duties of the Commission shall be defined by Act of Parliament; that provision be made for the summoning and holding, at stated intervals, the meetings of the Commission; that three shall be a quorum; and the minutes of each meeting duly recorded and signed by the Chairman.
6. That the Rules and Regulations relating to the receipt and payment of all moneys, and to the purchases and sales of stocks and all securities, be passed at meetings of the Commission specially convened for that purpose, and shall be subject to the approval of the Lords Commissioners of Her Majesty's Treasury.
7. That the annual accounts of the Commission, containing the receipts and payments of all moneys, and every detail as to the sales and purchases of stocks and other securities belonging to the Savings Banks, within the year ending on November 20, in each year, be audited by the Commissioners of Her Majesty's Audit.
8. That monthly accounts of the receipts and payments of all moneys, and of sales and purchases of stocks and other securities, be prepared by the Commissioners, and copies of the monthly accounts shall be forwarded to the Lords Commissioners of Her Majesty's Treasury, and to the Governor of the Bank of England, within one week of the following month.
9. That the annual accounts, containing the receipts and payments of all moneys, and every detail as to the sales and purchases of stock, and of other securities of the Savings Banks, be laid before both Houses of Parliament in the first week of February, if Parliament is sitting; and, if Parliament is not sitting, then within ten days next after the first sitting of Parliament.
10. That no sales, purchases, or exchanges of stocks or securities held by the Commission shall be made, except as required for the purposes of the Savings Banks, and that no funding of Exchequer bills held by the Commission shall in future be made without the special authority of an Act of Parliament.
11. That the Commission should be empowered by Parliament to invest a portion of such funds, not exceeding one-third of the whole, in other securities than those now authorized to be purchased with those funds; those securities being such as are created or guaranteed under an Act of Parliament.
12. That it is inexpedient that any existing deficiency of the funds should be made the ground of reducing the present rate of interest allowed to the banks, but the whole subject of the estimated deficiency be referred to the consideration of Parliament.
13. That any future surplus income of the Board shall be carried to the credit of a guarantee fund, to meet any casual charges, losses, or deficiency of income; but if there shall be no surplus to meet such deficiency of income, the rate of interest allowed to Savings Banks shall be proportionately diminished.
14. That the Commission shall have power to frame regulations respecting the accounts to be kept, and the audit thereof, and respecting the receipt and payment of deposits, on the adoption whereof by any Savings Bank such bank shall acquire security for the deposits therein guaranteed by Parliament, and that such Savings Bank shall have a special title.
15. That the Commission may appoint such officers as may be requisite for the proper audit and inspection of such accounts, and for obtaining due compliance with such regulations.
16. That no banking concerns should be permitted to assume the name of Savings Banks, except such as have had their rules duly certified.
17. The rules of every Savings Bank shall be in force only after they have been certified by the Barrister, to whom no fee shall be payable.
18. That the responsibility of trustees be enacted in the same terms as in the Act 9 Geo. IV. c. 92.
19. That the present limits of yearly and total amounts of deposits payable on demand be maintained.
- 20, and last. That whenever any deposit shall amount to 150*l.*, the Commissioners may, with the consent of the depositor, invest a portion of that deposit in the purchase for the depositor of 100*l.* stock, the

interest on which shall be received by the Commissioners and placed to the depositor's account.

Arrived at this point, and in order that the general reader may properly understand the next attempt made at legislation on behalf of Savings Banks, we ought to say something in the way of explanation as to the disposition of the funds of Savings Banks after they reach the hands of Government. By the 57 Geo. III. c. 105, the money paid in on Savings Banks account was to be invested in Three-and-a-half per Cent. Bank Annuities.^[103] Subsequently, the law was altered, by which the money might be invested in Bank Annuities or Exchequer bills. The purchases of Stock are made upon the order of the Comptroller-General by the Government broker; but no Exchequer bills are bought, except under the special direction of the Chancellor of the Exchequer. The practice is, when the balance at the bank appears to be larger than is necessary, gradually to apply it to the purchase of Stock at the price of the day. It appears that between 1828 and 1844 Stock was sold to the amount of 8,166,511*l.*, and purchased to the amount of 8,816,400*l.*; Exchequer bills were bought to the amount of 19,888,100*l.*, and sold to the extent of 13,041,500*l.* Sir Alexander Spearman stated that he had, on his own authority, bought Stock from time to time, as the state of the balance required it; he contended that he had legally such authority by virtue of his office, and he did not hold himself responsible to give any explanation of his proceedings to the trustees or managers of banks.^[104] This was just what Savings Bank managers and trustees did not agree with, and it was an interpretation put upon the statute which even experienced statesmen disputed.

Mr. Wortley told the Committee of 1858 he considered the system of mixing up the Savings Bank funds with the Government money very injurious to Savings Banks. Mr. Boodle strongly objected to the practice of dealing in Stock and Exchequer bills, and of exchanging one for the other. He said Mr. Goulburn had been induced to discontinue the practice, and to publish an account of the different transactions, but that the practice had been revived in 1853, had continued ever since, and in a worse form than ever. Lord Monteagle, who spoke very strongly on these points, stated that the present use of Savings Bank money was entirely at variance with the original design; that the Commissioners had no power to change the securities, and thus become active agents in the Stock Market.^[105] Lord Monteagle expressed strong objections also to the power of funding Exchequer bills bought for the Savings Banks at the price of the quarter at which they were bought. Sir A. Spearman, who was somewhat unfairly left to bear all the brunt of every attack of this kind, on account of the Committee neglecting to call upon any of those five members of the House who were or had been Chancellors,^[106] stated that the Savings Bank fund on the 20th of November, 1857, was 34,399,082*l.* Stock; whereas, if there had been no investment in Exchequer bills or bonds since 1853, the amount would only have been 34,207,371*l.* Stock.^[107] Mr. Boodle dwelt upon the reputed losses which the country had sustained through the Savings Banks, and declared that if there had been any loss, it had been occasioned by the State not treating the funds exclusively as Trust Funds. In this matter, Mr. Boodle undoubtedly had the best of it. "Whenever any bill is introduced into Parliament on Savings Banks," said this gentleman, "this loss is thrown in the teeth of Savings Banks, and used as an argument, sometimes for reducing the rate of interest, at other times for reducing the limits of deposits, either annual or in gross. Therefore, it acts most detrimentally to the depositors; and it has gone out that the Savings Banks are an enormous expense, whereas we are perfectly satisfied that, if this money were properly administered, there would be no expense whatever."^[108]

That Savings Bank money was not only used for financial purposes, but turned to extremely profitable use, there can be no doubt: hence complaints of loss could only be made by persons but partially acquainted with the facts. Mr. Hume indeed, had he been cognizant of the profitable way the funds were used, could scarcely have complained about the loss to the State so often as he did. Mr. Gladstone at this time, and subsequently, never missed an opportunity of putting the matter on the proper footing, and to set it forth that, instead of a loss, the funds had been a source of considerable gain to the State. In 1834, when Lord Althorp was Chancellor of the Exchequer, and Lord Monteagle himself (as Mr. Spring Rice) Secretary of the Treasury, they determined to reduce the interest on the Four per Cents. Those who held money in the Funds and were dissatisfied with the reduction were paid off out of the Savings Bank money (without which, indeed, the reduction could not have been earned through), and a saving to the country of 53,000*l.* a year was the result. Mr. Goulburn, using the power he had in the same way, or with the money of Savings Banks to fall back upon in case of need, effected a saving of 750,000*l.* a year in reducing the rate of interest from four to three and a half, then to three and a quarter, and eventually to three, per cent. Not less useful were the funds of Savings Banks in the time of the Crimean War. By means of Ways and Means bills, the Chancellor of the Exchequer raised the necessary funds to meet the heavy demands, and thus effected an enormous saving of money, which would have been sunk in transacting a loan.

We have already made the reader acquainted with Mr. Gladstone's opinion on the right of the State to use the money entrusted to it for safe keeping; nothing could be more vigorous than his language already quoted. Mr. Gladstone endeavoured to carry a change in the law relating to the investment of Savings Bank moneys in 1855. He now, in the session of 1860, came forward and offered a bill to remedy some of the grievances complained of in the Committee. His proposals were now substantially the same as those of 1855. He voluntarily proposed to be shorn of his strength as Chancellor by the House agreeing to cancel Savings

Bank Stock to the amount of thirty-one millions of pounds; and to open a new account for this money, to be called "State Deposit Account, No. 1," virtually giving the money the fullest security of the State, and placing it entirely beyond the reach of his operations. The remaining amount, then about ten millions, Mr. Gladstone proposed should be allowed to be invested at the pleasure of the finance minister as heretofore. One would have thought that at any rate this bill would have been allowed to pass quietly; but it was not to be. The bill proposed was based on two of the recommendations of the Committee of 1858,—namely, those which suggested that the power of funding Deficiency and other bills should be done away, and that the dealings in the stocks should be under the review of the House; but members complained that a bill had not been prepared to embrace *all* the recommendations. *Sir H. Willoughby* and *Mr. Estcourt* took this view. In long speeches they both upheld the decision of the Committee, and asked for a bill dealing with the entire subject; the latter gentleman said that the "barren discussions in Parliament were acting to the prejudice rather than to the support of the excellent institutions with which they dealt. There were not above 600 of these useful institutions in the whole kingdom, whereas they ought to ramify through every parish and every village of the kingdom." *Mr. Malins* and *Colonel Sykes* followed, and complained that Government should have neglected to deal with the entire subject. *Mr. Gladstone* made up for the lack of supporters by a long and able speech. He admitted that it was most desirable to have a bill for the management of Savings Banks, but the general subject had no relation to the mode in which the money of Savings Banks was invested. Better at the end of a session carry one or two points, and put an end to grievances which had been loudly complained about, than bring in a measure only to withdraw it again. He had been charged with ignoring the labours of the Committee. He had not done so, for the bill was founded on part of their labours; he *had* considered the report, "but consideration does not necessarily involve adoption." He was compelled to decline many of the suggestions of the Committee. Where, however, he agreed with them, he had lost no time in taking action: hence the proposed bill. "From speeches of honourable gentlemen," concluded *Mr. Gladstone*, "it might be supposed that a dreadful bill had been introduced, giving exorbitant powers to the Chancellor of the Exchequer. The fact is, however, that there is not a power given which he does not already possess, and in one or two respects the surrender of powers is very large." "It is impossible that Savings Bank funds can now be used by Government as a trust; they must be reserved for the discretion of the House." The bill for the first time gives a positive title in law to the deposits in Savings Banks, and it will further provide a true account,—“for nobody has ever yet seen a true account,”—of the National Debt; and for these reasons *Mr. Gladstone* hoped it would be allowed to pass into law. *Mr. Thomas Baring*, and *Mr. Ayrton*, unconvinced by the Chancellor's arguments, opposed the bill; and *Mr. T. Collins* contented himself, as usual, with dividing the House on his motion to throw it out. The motion was negatived by a majority of twenty-four, and there was a similar majority on a motion for adjournment made by *Sir Henry Willoughby*. On the 20th of July, 1860, the bill was considered in Committee, and the discussion was taken on the first clause—the existing stock to be cancelled—when *Mr. Hubbard* approved of the measure. By the bill the greater part of the money of Savings Banks, viz., that treated as a book debt, would be placed beyond the reach of jobbery. *Sir Francis Baring* spoke in favour of, and *Sir H. Willoughby*, *Mr. Hankey*, and *Colonel Sykes* again opposed, the clause. The opposition to the measure had gathered strength since the last occasion;^[109] and on a division, the Savings Bank managers once more triumphed by a majority of 38, in a morning sitting and a House of 192 members.

A few days afterwards the *Chancellor of the Exchequer* proposed the fourth clause of the defeated bill, or that which gave the Commissioners an uniform power of holding and dealing with all stocks under Parliamentary guarantee, and stocks and securities, under whatever name, that constituted the National Debt. At present, *Mr. Gladstone* stated the Commissioners had power to hold Terminable Annuities, but no power to sell them. There ought to be a uniformity of power with regard to these securities, and this bill, which was founded on the fourth clause, gave it. He had only been induced to take the matter up again by finding an unanimous feeling in the House for this proposition. *Mr. Estcourt*, in speaking for the clause, hoped the Chancellor would soon bring in a measure on the general subject. So he did, soon afterwards, but not the kind of measure *Mr. Estcourt* desiderated. When this bill reached the Lords, it was rather violently opposed by Lords *Monteagle* and *Redesdale*; and on a division the voting was found to be equal. According to usage, the bill was thrown out. The Government, however, re-introduced the measure, "as a matter of urgency;" and though there was an outcry in the Lords against it, no less than in the Commons, for interference with what was considered a Money Bill, the clause passed, and received the Royal Assent on the last day of Parliament.

Mr. Gladstone, thwarted in all his attempts, except in the last insignificant case, to bring about a better state of things in connexion with the management of Savings Banks, determined upon another course of action altogether. He, and other statesmen who had preceded him in his office, had tried their best to improve the existing banks, but they had been persistently hindered and obstructed by the force which Savings Bank officials could bring to bear. For some time now *Mr. Gladstone* must have had under his eye several proposals which went to the very root of the matter upon which so many difficulties had from time to time arisen, and which promised a thorough and substantial reform. He bent his great energies in this direction; saw his way, not only out of a dilemma, but to the origination of a simpler and more perfect system; and may be said henceforth to have left

the friends and partisans of the old Savings Banks to look after their own interests. With the legislation relative to the scheme of Post Office Savings Banks, with which Mr. Gladstone's name will always be prominently associated, we shall deal in a special chapter, and will therefore hasten to describe the remaining steps which the Legislature has taken with regard to Savings Banks proper up to the present time.

Left to themselves, the leading Savings Bank authorities in the House—viz., Mr. Estcourt, Sir H. Willoughby, and Mr. Ayrton—obtained leave, on the 11th of March, 1862, to bring in a bill “to Amend the Laws relating to the Security and Management of Savings Banks.”^[110] The points sought by the bill were, briefly, (1) to enforce upon all local banks the regulations of the well-managed ones; (2) to repeal the Act of 1844; (3) to force an auditor upon every bank and define his duties; and, lastly, to provide for the security of the depositors, by enacting that no transactions should take place except at the office, during office hours, and in the presence and with the signature of more than one person. Mr. Estcourt, who briefly explained the drift of the bill, intimated that they were not desirous of altering the relation in which Government stood to Savings Banks, or of interfering in any way as to the disposition of the money. Mr. Gladstone, after stating how completely Government had been baffled in their attempts to alter the law regulating Savings Banks, expressed approval of the bill, though he reserved the right of Government to take any steps they chose at any subsequent stage.^[111] On the 20th of May this bill shared the fate of all preceding attempts to place these institutions on a sound basis, by being withdrawn. Savings Bank managers had again interfered, and this time they went against their devoted friends. *Mr. Estcourt*, on withdrawing the bill, said he had received numerous representations from managers that his measure was “inapplicable” to them; and “only that day an influential body of managers of great experience, and fully to be depended upon,” had waited upon him, requesting him to withdraw it; and if he would consent to this course, *they* would endeavour to devise some scheme which should meet the requirements of the various establishments. Mr. Estcourt's measure was unquestionably a good one, but it involved too much trouble and risk to trustees: hence its defeat. *Mr. Gladstone* thought it was high time that those gentlemen should take their turn in devising a scheme. If they proposed a real improvement, Government would make no objection. Referring to the Post Office Banks, Mr. Gladstone said: “Undoubtedly, however, the main question had been disposed of; they were now able to say to the people of England who were disposed to lay by their savings, with a moderate interest and with a perfect security, the Government had provided some 3,000 places where these savings would be received.” *Mr. Henley* was much discouraged with the difficulties everybody found in the way of legislation. He was “disposed to think that the well-managed banks might go on as usual,” but rather than “tinker” at the others, “the very small banks under the old system, which would not afford the proper machinery for perfect management, ought to be urged to hand over their business to the Post Office Banks.” *Mr. D. Griffith* “for once agreed with the Chancellor of the Exchequer;” he was glad to hear the Post Office Banks were working so well, and expressed his opinion that “they would ultimately swallow up all the old banks.”^[112]

In March, 1863, Mr. Gladstone brought forward once more his propositions relating to the investment of Savings Bank money. He moved—

“That it is expedient to amend the laws relating to the investment of the moneys of Saving Banks, and to create a charge for such Savings Banks upon the Consolidated Fund, in place of certain perpetual annuities now standing in the names of the Commissioners of the National Debt; to give the power for converting certain other amounts of such perpetual annuities into certain other annuities, and to provide for the due payment out of the Consolidated Fund of any deficiency which may arise from insufficiency of the securities to meet the legal claims of the trustees of such Savings Banks.”

After considerable discussion, the bill (26 and 27 Vict. c. 25) was sent up to the Lords under the charge of Lord Stanley of Alderley, and received the Royal Assent on the 8th of June, 1863.

We come now to the last item of legislation on the subject of Savings Banks. On the 14th of April, 1863, Sir H. Willoughby and Mr. Ayrton obtained leave to introduce the bill which, according to promise, had been prepared by a convention of Savings Bank managers. To a great extent this measure “to Consolidate and Amend the Laws relating to Savings Banks,” was identical with the one which Mr. Estcourt introduced and withdrew during the previous session. The managers had met during the recess, and had consolidated into one the eight Acts, or parts of Acts, which then governed their establishments. Mr. Tidd Pratt, on being consulted in the matter, certified that the new Act “would constitute a fair and just measure of improvement.” Mr. Gladstone, too, it seems, had been furnished with a copy, had suggested some trifling emendations, which had been frankly adopted and embodied, and was therefore disposed to offer no captious opposition to it. Not only so, but he thought it creditable to the gentlemen who had it in charge, and, so far as it went, likely to be effectual. Several clauses were altered, struck out, or inserted, and the bill, known as the “Consolidation Act,” received the Royal Assent on the 28th of July, 1863. Of this Act (26 and 27 Vict. c. 87, a full description of which will be found in the Appendix)^[113] we shall speak in a subsequent chapter, when we come to consider the law at present regulating Savings Banks.

[69] In a case that arose out of the Carnarvon Bank fraud of 1824, in the Court of Bankruptcy, both the Commissioners, Sir John Cross and Sir George Rose, expressed very strong opinions on the point as against trustees. The former judge, after giving a decision against the trustees in the case, said, "The case could not be made too public," and he "trusted that it would operate as a warning to the trustees of Savings Banks generally." Sir George Rose "fully concurred" in the observations of his colleague. He thought "it should be borne in mind that deposits were made by parties, not on the faith of the persons acting as actuary or cashier, but upon the faith of the gentlemen who acted as trustees; where such persons neglected the duties which were incumbent upon them, their conduct was deeply deserving of censure. If, therefore, the clerk, or other person employed by them, were guilty of peculation, they were themselves liable for any defalcation that might ensue."

[70] Speaking of Mr. Goulburn, when he first took office, a contemporary said, "He possesses that degree of talent which renders him highly respectable without exciting any invidious feeling. He is content to be useful without aspiring to the reputation of an innovator; and, if he shall introduce nothing new, he will at least abstain from anything that is dangerous." Mr. Goulburn's legislation for Savings Banks scarcely bears out this estimate.

[71] This arrangement, which was quietly dropped before the bill became law, owing to the pressure which managers of Savings Banks brought to bear upon the House, was strongly urged by Mr. Tidd Pratt. That gentleman and Mr. Higham, Comptroller of the National Debt Office, prepared this bill. In the Committee of 1848, Mr. Pratt gave it as his opinion (140), that no depositor should be allowed to put in more than 10*l.* in one year, instead of 30*l.*, or it might go to 15*l.*; "but I am quite sure that this latter sum is as much as the small savings of the industrious classes can amount to." He also proposed to limit the total amount to 100*l.*

[72] In this same Committee, Mr. Pratt stated that in the course of his investigations in Ireland he had found one man who had had seventeen books out of one Savings Bank, and money to the extent of 520*l.* lodged there, altogether his own property, but which he represented himself as holding in trust.

[73] Only four sets of directors of banks, and these banks of very insignificant size, made a declaration of the kind in question between 1844 and 1848.

[74] It was during the passage of this bill that the managers and trustees of the different Savings Banks in the country first combined to influence the action of the Legislature. On this occasion it can be shown that they made their influence felt, and provoked several divisions in both Houses. With the House of Lords they were most successful, owing, no doubt, to the great number of peers who were honorary officers of Savings Banks. For example, in the House of Commons they succeeded in dividing the House twice on the question of the rate of interest. They wished no reduction to be made in that rate; but, when it was decided that the rate should be reduced, amendments making it 3*l.* 6*s.* 8*d.* to trustees and 3*l.* 0*s.* 0*d.* to depositors, and 3*l.* 5*s.* 0*d.* and 2*l.* 18*s.* 4*d.* were proposed against the Government plan, eventually carried, of 3*l.* 5*s.* 0*d.* and 3*l.* 0*s.* 10*d.* respectively. It was declared that the difference of 4*s.* 2*d.* only would not defray the cost of management. It was objected also, and not without reason, that the Government erred in not naming the exact sum, instead not more than 3*l.* 0*s.* 10*d.* per cent. which should be given to depositors; that this was a matter which ought not to have been left in any sense to the trustees. Much unpleasantness might have been saved if the sum had been definitely stated, and instead of twenty or thirty different rates of interest, all had been paid alike, and there had not been left any doubt as to what depositors should consider their right in the matter. Out of doors there was a regular combination; deputations waited upon the Chancellor of the Exchequer, and gentlemen from all the leading Savings Banks in England, Scotland, and Ireland, met in London to concert those schemes of defence to which we have just alluded. A meeting was held, at the important institution in St. Martin's place, with Sir Henry Willoughby as Chairman, when the following resolutions, among many others, were agreed to by the deputies from banks representing 5,000,000*l.* of deposits. Nothing could of course better show how the action of the Legislature was regarded by the managers of the institutions in question:—

1. "That the proposed reductions in the amount of deposits from 30*l.* to 20*l.* in each year, and the total amount of deposits from 150*l.* to 120*l.* will be highly injurious to the interests of the depositors."
- 2d. "That the reduction in the rate of interest from 2½*d.* per cent. per day to 2*d.* is far too great, out of proportion to the reduction of the interest in the Funds, and would be extremely prejudicial to the depositors in all Savings Banks, but more especially to those in the smaller banks, throughout the kingdom."
- 3d. "That clause 7, requiring the production of the books of every depositor once a year, will cause annoyance to depositors, is not capable of being enforced, and is no efficient security."
- 4th. "That the proposed alteration respecting the liability of trustees and managers of Savings Banks seems highly objectionable. The present provision, of no trustee responsible except for his wilful default or neglect, is well understood as applicable to all cases of voluntary trusts, and should undergo no alteration."
- 5th. "That it is not expedient that trust accounts be altogether abolished, but that provision should be introduced to meet the case of fictitious deposits and the abuse of trusts."

And so on throughout almost all the clauses.

[75] On one occasion, about this time, Mr. Hume had complained of the "impudent conduct" of some Government official, to which Sir Robert Peel, as Premier, replied. Sir Robert said, he "would not quarrel with the hon. gentleman," (an experiment he had often tried without much success,) "considering him a good judge as to how far impudence might be carried with impunity." Mr. Hume at once owned the soft impeachment. "If I had not had the impudence of the devil," said he, "I should never have done any good in this House." *The Times*, the next day, give it to Mr. Hume smartly, as was its wont, and congratulated him "on his generous, though rather startling, acknowledgment of the source of all his strength."

[76] His speech on the occasion does not seem to have been fully reported.

[77] The trustees of four small banks made the declaration: those of Tonbridge, Ashby-de-la-Zouch, Fareham, and Carshalton in Surrey.

[78] At a meeting of the managers of the principal Savings Banks held on the 29th of August, 1819, it was

resolved: "That this meeting has read with mingled feelings of pain and alarm the clause in the proposed bill virtually requiring trustees and managers of Savings Banks to give security or 100*l.* each, and making such trustees and managers responsible to an indefinite extent if they should neglect to limit their responsibility to that sum, as pointed out in the Act."

[79] Mr. Brotherton, the member for Salford, soon after stated that the managers of the Manchester Savings Bank, with 20,000 depositors, insisted upon every person bringing his book to the office annually, as a precaution against fraud.

[80] The Committee of 1848 went very fully into the changes which were needed in Ireland, and many witnesses were asked what they would propose. For example (1579), Mr. W. Keating Clay was asked: "Do you believe, in consequence of the Cuffe Street bank, the deposits will decrease in Dublin and neighbourhood if the law is not amended?" and replied, "I should say they will be altogether withdrawn. I don't think the other Savings Banks in Dublin, which have conducted their business faultlessly all through, can exist another year under the present law." Another witness, in answer to a similar question, said (1205): "I am quite satisfied that the Savings Bank system in Ireland will crumble to dust unless there is legislation." A third witness said, nothing would do but trustees fully liable, and a system of Government inspection and regular audit of the accounts.

[81] *The Times* and *Morning Chronicle* strongly advocated the same view.

[82] *Hansard*, vol. civ, pp. 22-54.

[83] During the interval, Mr. Reynolds, member for Dublin, who had obtained the Committee originally, became Lord Mayor of Dublin, and Mr. Gibson Craig became Sir W. Gibson Craig. Mr. J. A. Smith was appointed chairman on each occasion.

[84] For example, in August, 1852, Mr. Reynolds again brought the subject before the House by proposing that the remaining money due to depositors should be paid by the State. On this occasion he told how he had had the honour, in 1846, placing Her Majesty's Government twice in the same night in a minority on this subject; but, unlike other members who had done the same thing, he had not received Her Majesty's commands to form a new ministry. This style of banter was scarcely suited to his subject, but more serious appeals were equally unavailing.

[85] The following remark had already been made from the judicial bench: "I find that country gentlemen, &c. were willing to lend their names as trustees, in the establishment of banks for the deposits of saving of the poor, but were negligent, in too many instances, in giving their personal services, whereby the business fell almost entirely under the exclusive management of the person appointed as actuary."—*Sir John Cross*.

[86] "Nearly all the frauds, and all the loss which had occurred in Savings Banks," said the Chancellor, "were owing to the actuary or secretary receiving money irregularly, sometimes at his own house, and very often out of office hours."

[87] Even in seaport towns this inspection of pass-books might be accomplished without much trouble; if there was any difficulty in getting in the books, such an inspection might be made as would be sufficient to test the general accuracy of the accounts. Thus at Cork, the year before (1849), 6,623 pass-books had been sent in for examination, and only 1,164 did not come in. The accuracy of the larger number was ample test of the accuracy of all.

[88] The Chancellor here pointed out that the *average* rate of interest given to depositors at that time (1850) was but 2*l.* 18*s.* 4*d.* and that the reduction would be scarcely felt by any class; that reduction, however, would not only provide against the Government losing any more money, but would meet the expense of the proposed Government treasurers of Savings Banks.

[89] *Hansard*, vol. cx., third series; and *Times*, 1850.

[90] It must not be assumed that there was no difference of opinion on these points, even among Savings Bank managers. The following letter, read by Sir Charles Wood during his speech in 1850, is conclusive to the contrary. The writer, who was manager of a large provincial Savings Bank, wrote: "I have had occasion to remark that the chief inducement to deposit money by those for whom Savings Banks are intended, consists in having a *safe place* for deposit, and that the amount of interest for the most part is but a secondary consideration; whereas those persons whose means are greater, and who do not actually require Savings Banks, use them to suit their convenience when the Funds are high, and take out their money from the Savings Banks to invest in the Funds when low, just at that very time when the withdrawal occasions loss to the country." He then expressed an opinion almost identical with one which Mr. Tidd Pratt has often given, that "20*l.* would be quite sufficient to allow a person to deposit in one year," and that, "when the deposits reach 100*l.* there is no necessity to allow further deposits to be made." Again, the Rev. W. Rowan, Treasurer of the Tralee Bank, when asked in the Committee of 1849, if he thought changes were necessary in Savings Banks, answered that, "The Savings Bank system must either become a general failure, and the funds invested in them withdrawn, or you must place it upon an entirely different footing with respect to inspection and working."

[91] A bill to continue the Act of 1848, "for Amending the Laws relating to Savings Banks in Ireland," was carried through Parliament in this session.

[92] The gentleman to whom reference was here made is the present Comptroller-General, the veteran public servant Sir Alexander Young Spearman. This gentleman, of whom all parties speak as a man of irreproachable character and eminent abilities, has now (1866) been fifty-eight years in the public service. To him is no little owing the efficiency with which his department is now managed, and the increased facilities which have been given to the public in all things connected with the provident habits of the people. It may not be out of place here to state, with reference to the office held by this gentleman, that it was formed about the commencement of the present century, whereas the Commissioners date from the creation of the Sinking Fund in 1786. Sir Alexander Spearman succeeded Mr. Higham in the position. As more than one of the witnesses at the Committee of 1858 did not know who formed the Board of Commissioners, of whom they were constantly speaking, and another did not know whether the Board ever met, it may be new to some readers, if we say that the Commissioners for the Reduction of the National Debt consist of the Speaker of the House of Commons, the Master of the Rolls, the Chief Baron

of the Exchequer, the Chancellor of the Exchequer, the Accountant-General of the Court of Chancery, and the Governor and Deputy-Governor of the Bank of England. The Board held a meeting once in each quarter. Three Commissioners form a quorum, and their powers are defined by Act of Parliament. The Comptroller-General acts in the capacity of Secretary to the Board, and is entrusted with the carrying out of its orders. The expenditure of the National Debt Office amounted, in 1856, to about 14,000*l.*; but must have increased considerably since that date.

[93] "To amend the Laws relating to Savings Banks, and, in certain cases, to give the guarantee of Government to the depositors for the repayment of the sums legally deposited in such Savings Banks."

[94] In a long petition to the House of Commons from the Trustees and Managers of the St. Martin's Place Savings Bank, this bill is strongly opposed, thus showing that Mr. Gladstone had not succeeded with the managers of that institution. Speaking of the direct Government guarantee proposed to be given, the managers say that they "find the proposed change fettered with such a variety of intricate and cumbersome official regulations, as cannot fail in practice to prove greatly annoying and vexatious to depositors, and perplexing to the managers of the banks and their officers, upon whom will still devolve duties and responsibilities ill-defined under the provisions of this bill, and not capable of being sufficiently understood or explained; subversive, as the proposed change will also prove, in this and many other well-regulated Savings Banks, of those systems of entry and check under which their present accuracy of accounts is so admirably and indisputably maintained." They objected to the reduction in the rate of interest, treated of several other minor matters, and again prayed that a full inquiry should be made by a committee before any bill was passed.

[95] "You take the money of these depositors, and you give them the entire security of the State for their money. They cannot have a better security; and if you give them that, they have no interest in the employment of the money: it does not signify to them if you fling it to the bottom of the sea. So long as the Treasury of the country is sound, it does not matter one rush what the Chancellor of the Exchequer does with the money. If he invests it well, they are no richer; and if he plays all the tricks of the mountebank, or disposes of it with the artifice of the swindler, they are none the poorer. The depositor in Savings Banks have nothing to do with the question, and it is only weakening and impairing their position to make them depend upon the prudence of the minister, instead of upon the credit of the British public." Savings Bank managers held a strong opinion against what they called jobbing with their funds. They said Mr. Goulburn had promised that the practice should be stopped; and it was, in 1844; but that Mr. Gladstone had revived the practice illegally in 1853. These bills were not introduced in 1855.

[96] *Hansard*, vol. cxxvi. 1854.

[97] *Hansard*, vol. cxliv, p. 1292.

[98] A clause was added to the bill now introduced to prohibit the assumption of the title of "Savings Banks," by institutions not established under the Savings Bank Acts.

[99] A few days after this, Sir George Lewis gave a pledge to Viscount Goderich that, if the bill passed, the Committee should be appointed to consider every question that Sir H. Willoughby had raised.

[100] The trustees of the principal Savings Banks again petitioned against the bill. The petition from the St. Martin's Place institution prayed "your honourable House to pause ere you pass such an Act as would assuredly compel your petitioners, and, in their view, all parties similarly situated, to resign the charge which they have hitherto had so much pleasure in fulfilling, and, as they may venture to assert, with entire satisfaction to the parties pecuniarily interested." In their opinion "considerably more importance has been attached to the terms 'Government security,' and 'Government guarantee,' than the facts of the case would require."

[101] Mr. Sikes said (2,628), "I believe that one great essential for the future progress and prosperity of Savings Banks would be the guarantee of the Government for every deposit duly made in the hours of business." Mr. Wortley said (1,570) that he thought it a desirable thing, and also Government auditors or inspectors. Mr. Hope Nield (1,937) thought it "desirable decidedly, if it can be obtained without trammelling or destroying the operations of the banks." Mr. Maitland "had no doubt whatever about it being a desirable thing, if it can be safely given" (2,153). Sir Alexander Spearman gave his opinion at greater length (4,368). "There will be no satisfactory amendment of the law unless the security of Government is given to depositors. I think it is impossible that the present state of things should be allowed to continue. The question has often been discussed, and depositors in many cases have believed that they had the security of Government, and found to their cost that they had not; complaints are constantly arising; applications are constantly made to know whether they have the security of Government or not. I think myself that depositors are entitled to have the real protection of a Government security, but I think also that it will be quite impossible to give this security without at the same time giving to the officers of Government a very different power of dealing with the management of Savings Banks. It would be idle to talk of the one without the other." So weighty are the conclusions to which the Committee of Inquiry came on the subject of this guarantee that we present them here *in extenso*. "A very general impression prevails throughout the country that the Government is bound to make good a deficiency whenever a deficiency occurs; a claim accordingly has been made, in several instances, on Parliament to replace the money of depositors in cases of defalcation. This impression is not warranted by the laws which regulate Savings Banks. It is difficult, however, to maintain that Parliament, having released local trustees from their liability, should not be bound to provide some other guarantee for the money of depositors, who have no share themselves in the management of their bank. It appears to your Committee that an alternative ought to be given, and freely offered to the choice of trustees, either to secure the guarantee of Parliament upon such conditions as the commission shall prescribe, or themselves to undergo the same liability in regard to Savings Banks as was enacted by 9 Geo. IV. c. 92, s. 9. The able actuaries connected with various large banks, who have attended your Committee, have detailed various methods by which imposition and error may be rendered almost impossible in large establishments; but in the case of the smaller banks, where the funds are not adequate to provide a staff of paid officers, it will be for the Commission to see what arrangements they can make to check misconduct, and to afford to depositors, at least once a year, a certainty that their money has been duly lodged with the Government, for which purpose some valuable suggestions were made by several of the witnesses experienced in the practical management of banks. In one point all the witnesses concur; and your Committee must record their own opinion to the same effect, that the most effectual restraint upon malversation is to be found in the presence of a second party in every transaction where money is paid or

received; and that a rule to this effect ought to be imperative in all banks, under a penalty on its infringement."

[102] The Committee sat six days deliberating on their Report after all the witnesses had been examined. Draft reports were proposed by Mr. Ayrton, Sir Henry Willoughby, and the Chairman, the report ultimately carried, after a few emendations, being that by Mr. Estcourt.

[103] Sir Alexander Spearman, who clearly explained the facts to the Committee of 1858, also described the routine gone through when Savings Banks made investments with Government. They first certify the appointment of trustees; then, appoint an agent in London, generally a banker, through whose hands the money passes. When the trustees of a Savings Bank wish to invest, they send up a notice to their agent, who presents it at the National Debt Office, where an order is given to the Bank of England to receive the stipulated sum and place it to the account of the fund for the Banks for Savings. Next morning a receipt is sent from the Bank of England to the National Debt Office, and from thence to the trustees who remitted the money. A somewhat similar proceeding takes place on the trustees of any Savings Bank wishing to withdraw money. It is done through the agent, who gives the necessary notice of withdrawal. No money is paid or received at the National Debt Office, but at the Bank of England, the Commissioner simply keeping the accounts.

[104] "Suppose any bank should question the way in which their funds had been invested?"—"My answer would be," said Sir A. Spearman (4,029), "that this was a matter which did not in the least concern them. I am not aware that the Act of Parliament in any shape or in any manner makes the Commissioners or their officers responsible in the slightest degree to the trustees of Savings Banks." When asked if, "Supposing the money were used for financial purposes, or not invested at all, or invested so as to produce little interest, would Savings banks have a right to complain?" this witness answered, he "did not think so. What the Commissioners are responsible for is, to repay to the trustees of Savings Banks the amount received from them, together with the amount of interest due, whenever they call for it." "They are responsible for that, and nothing more."

[105] A little prior to this, Lord Monteagle had spoken at great length and with great animation on the same subject in the House of Lords. He then went the length of saying, that, "now the money was coveted not so much on account of inculcating the growth of provident habits, but that it should afford the Chancellor of the Exchequer a large capital, which might be sold, bought, exchanged, or invested in Exchequer bills, or in stock, at the will and pleasure of the financial minister; and, consequently, that he could thus be enabled, as he saw fit, to influence the Money-market to an extent which no individual or combination of capitalists could possibly either equal or counteract." He added, that he could have no objection to the mere buying and selling of securities, so far as the Savings Banks were concerned; what he objected to was, that these transactions should be so carried on as to affect the value of the public securities and influence the Stock-Market—"rig the market," as a member of the House of Commons said at the same time.

[106] Sir Francis Baring, Sir Charles Wood, Mr. Gladstone, Mr. Disraeli, and Sir George C. Lewis.

[107] Exchequer-bill purchases, as we gather from the evidence taken before the Committee of Inquiry, are made in two modes. If the purchases are to be made in the market, the Cashier of the bank is directed in the same manner as when he is told to purchase Stock; pays for the bills out of the Savings Bank fund, and carries them to the credit of the Commissioners. The other mode is, by the issue of temporary Exchequer bills, such as Deficiency bills, or Ways and Means bills. Deficiency bills are bills issued under the authority of 57 George III., to enable the Government to provide for a temporary deficiency of money in the Exchequer. Deficiency bills are issued either to the Bank of England, or held temporarily by the National Debt Commissioners through the bank, the bank paying the money to the Exchequer, and paying itself the next day out of the Savings Bank fund. Ways and Means bills are of a pretty similar character, but chargeable to the revenue of the next succeeding quarter, and not, as in the former case, of the current one. Supply bills are of a still more permanent character, and are often held on from year to year, and are exchanged from year to year.

[108] Mr. Boodle was for allowing part of the money to be otherwise invested than with Government. He suggested land drainage. Mr. Sturrock and Mr. Sikes were for keeping one-third of the money in the hands of trustees, to be invested "in freehold securities of unquestionable character," or in railway debentures. Mr. Deaker, Mr. Jameson, and Mr. Finney agreed. Lord Monteagle was "driven to the conclusion" of saying that in investing Savings Bank deposits, "you ought to deal in State securities and nothing else." The opinion of the Committee on the subject may of course be gathered from the digest of their report already given.

[109] The indefatigable bank managers of London again sent round petitions against the proposals, and when they were presented to the House, one member, Mr. Hubbard, remarked they "were all apparently from one mint:" and indeed no secret was made of its being so.

[110] So convinced was one individual organ—accustomed to treat largely of such subjects—that the bill now proposed would fail to accomplish any good, that it insisted upon its being called a "Bill to provide for the speedy extinction of all old Savings Banks, and to give a heavy blow and great discouragement to the trustees and managers thereof."

[111] *Hansard*, vol. clxvi. p. 1394.

[112] *Hansard*, vol. clxvi. p. 1974. It is not often that Mr. Griffith speaks the sentiments of the generality of English people, but he almost did so in this instance. No amount of tinkering could now make the old banks as simple, secure, and efficacious as those on the new plan. Mr. Griffith not having gone the length of mentioning any time, his prophecy was eminently a safe one. No one is more to blame, if indeed any one is to blame at all for such a state of things, than the authorities of Savings Banks themselves. Whilst they were systematically opposing with suicidal obstructiveness every measure of amendment, the whole ground was suddenly cut from under them by the institution of Postal Banks.

[113] Appendix B.

CHAPTER VI.

A CHAPTER ON SAVINGS BANK FRAUDS.

"There is such a powerful element of failure in all human affairs, that a shrewd man is always saying to himself, 'What shall I do, if that which I count upon does not come out as I expect?' This foresight dwarfs and crushes all but men of great resolution."—*Companions of my Solitude*.

IN this chapter it is our intention to describe with more or less minuteness the principal cases of frauds in Savings Banks pretty much in the order of their occurrence, and also to speak to some extent of the results which followed from them. How the progress of legislation was affected by these frauds has been already shown; and with the object of making more clear the legislation of 1844 and 1848, we have already entered into the details of the notorious Cuffe Street Bank failure, and one occurring in England prior to those dates. So far as we have been able to ascertain, the first case of fraud in a Savings Bank occurred at Carnarvon in the year 1824. In this case the actuary received deposits to a large extent for which he in no way accounted. Up to 1848 no less than ten cases, other than those already referred to, occurred, in all of which the trustees promptly paid the claims. These cases include the frauds which took place in Carmarthenshire, Northamptonshire, and Cumberland, one at Mildenhall in Suffolk, and another at Mitcham in the same county. In the latter case the secretary managed to embezzle a sum amounting to near 12,000*l.*, and then made off; Mr. Hoare, the eminent brewer, paying down no less a sum than 7,000*l.* to atone for his neglect, and the other trustees making up the amount by subscriptions of 1,000*l.* and 500*l.* each. Into any further particulars of the above cases it is impossible to enter, inasmuch as they have never been allowed to transpire,—precautions which, so long as there were no efficient remedies at hand, were both wise and magnanimous. The catalogue, however, can be made black enough and full enough without such cases; and it is to others which have been exposed in all the fulness of their iniquity down to the minutest details that we will now turn. Claiming priority in all respects was the fraud on the County of Kerry Savings Bank at Tralee.

The Tralee Savings Bank was established in 1823, many of the noblemen and leading gentlemen of the neighbourhood taking part in its formation. The secretary from the commencement was Mr. John Lynch, who was appointed by a majority of the trustees at a salary of 60*l.* per annum. From the commencement the bank was held at the house of the secretary, and was open from two till four every Monday.^[114] Among the directors there were five clergymen, and the rest were highly respectable gentlemen of Tralee. The same might be said of the twenty managers, nearly half of whom were clergymen. The Rev. A. B. Rowan was treasurer of the bank. In the pass-books were abstracts of the Rules and Regulations of the bank, and these were headed by the following motto:—

"For age and want save while you may,
No morning sun lasts a whole day."

Other useful injunctions were given in sober prose, such as "Examine your pass-book, and see that the entry is correct." "If you lose this book, give immediate notice at the bank, otherwise you may be defrauded."^[115] With what feelings the pages of the books containing this sage advice would be turned subsequently, we leave the reader to judge after he has learnt more. Of course, Lynch was highly respected in the town: one witness describes him as, from the first of his connexion with the bank till the exposure, a man above suspicion; and Mr. Rowan, the treasurer, told the Committee of 1848, that he believed the public generally "had more confidence in Mr. Lynch than they had in many, or any, of the trustees themselves." (839.) That he was clever, as well as "correct," is manifest from the fact that he succeeded for sixteen years in carrying on, unsuspected by anybody, a complete system of frauds of different kinds, by which he appropriated to his own use during that time no less than an average of 2,000*l.* a year. He seems to have commenced his dishonest practices soon after the formation of the bank; but until 1832 his peculations were of small amount. From 1832 to 1847 he practised every possible description of fraud, and though some of them might have been detected by a rigid system of check, nearly all of them were remarkable for the ingenuity they displayed: "The contrivance and adroitness with which he managed these frauds," says one who subsequently went over the accounts of the bank, "were so ingenious as almost to defy detection." One of his practices was to account for a less sum than he received from a depositor, and this description of fraud he managed as follows (and this is a case which actually occurred): He received for lodgment three sums of 30*l.*, 15*l.*, and 27*l.* in one day, without any assistance or supervision from trustee or manager. These amounts he entered in his books as 3*l.*, 5*l.*, and 7*l.* respectively, and pocketed the difference. The manager at the close of the day, in examining and certifying the business done, marked the three entries as correct, as he found that they tallied exactly with the amount of money received into the bank. No sooner, however, was the bank closed and the acting manager left, than Lynch completed the case he had commenced by securing himself against exposure in the event of the depositor seeking to withdraw any of the sums named. The burden of the fraud was made to fall upon the funds of the bank by the actuary now altering the bank books to make them agree with the money actually deposited; and this he did in the cases in question by putting an 0 after the figure 3, the figure 1 before the

5, and 2 before the 7. In this way Lynch netted, with little or no risk of detection, a matter of 57*l.* in one day. This was only one mode adopted. He likewise received money out of office hours, which he never entered in any day-book or accounted for to the manager. To preserve himself, however, as in the previous case, he never forgot to post the amount in the ledger, so that whenever it might be claimed it would appear to the debit of the bank and at once be paid. Of course, there was here the absence of everything like check or audit.^[116] Other descriptions of fraud may be left to be given in the culprit's own words.

Lynch held uninterrupted sway of the Tralee bank for a long series of years, contriving to make away during the time with many thousands of pounds; but retribution, though long in coming, arrived at last. "The mill of God grinds late," says the Spanish proverb, "but it grinds to powder," and the proverb meets with its exemplification here. A trifling incident, as has often been the case before, led the way to the full exposure. Lynch fell ill, to an extent which, though the bank was held at his own house, precluded him from giving those precise instructions which are eminently necessary in dealing with such fragile machinery as that with which he had managed to work so long. It was usual, it seems, to make weekly requisitions to the treasurer of the bank for money to meet the demands upon its funds, and the subordinate on the occasion in question asked for more money from that functionary than had been credited to him altogether. The treasurer, the Rev. A. Rowan, like the rest, had unbounded confidence in the secretary, and had given himself little trouble over the affairs of the bank. At a time when it must have been evident to all that several thousand pounds sterling stood to the credit of depositors, Mr. Rowan was satisfied to think that two or three thousand pounds formed the capital of the bank. It is on record that he several times spoke of the small amount of money in the bank, and innocently pointed to the fact "as a sign of the depressed state of the country."^[117] How this illusion was at length dispelled we leave Mr. Rowan, himself to tell.^[118] "As I knew that the requisition of April 3d was for more money than there was in the bank, I went to Mr. Lynch, and said there must be some mistake somewhere, and told them to stop taking in any more money till it was cleared up. The next day Mr. Lynch being ill in bed, sent for me, and made a confession that he had committed frauds; but he stated no amount. I then seized his books and papers and everything I found connected with the bank, and swore information as to the facts." The books were then subjected to a thorough examination, and "frauds of every possible character," to the extent of 36,000*l.*, were found to have been committed. At the trial which ensued, Lynch pleaded guilty, and was sentenced to fourteen years' transportation.

The other modes of enriching himself to which we have not yet referred may be given in Lynch's own words. Soon after his apprehension he made a confession of his malpractices, in order to exonerate a clerk of the bank who had been arrested at the same time, and who was at first thought to be an accomplice, and we take the man's own account of his ingenious trafficking in forged pass-books as the most lucid one that could possibly be given. "A depositor lodged money with me," said the actuary; "I entered it in the pass-book, but not in the receipt-book. He subsequently lodged more, say with Mr. Fitzgerald, and it was duly entered in the pass-book and the receipt-book. For these depositors there necessarily was no account to be found in the bank books, and the party paying him upon notice given would thus be presumptively implicated." He proceeded to give another instance of his artifice: "I frequently took an old pass-book and tore out the *bonâ fide* deposit leaf; I made an entry therein in a fictitious name, and a *quasi* deposit, as if it were some years antecedent. During bank hours I used to hand in those books to whoever might be in the bank, directing notice to be given for the amount, as though the depositor had left it with me for that purpose, as it were, some days antecedently. The manager entering such notice was thus presumptively implicated; and as the course of the bank unfortunately was to 'keep' and not relodge sums 'noticed for,' the manager of the day marked it as 'kept,' which meant, given to me to give to the *quasi* depositor." "Kept!" What a fund of irony there is in that one word so applied! In one or other of the modes described, this actuary, "respected by all who knew him," contrived to "keep," and, what is worse, to spend, 36,000*l.* of the hard-earned savings of the poorest classes around him. His estate at the time of his apprehension was worth something like 3,000*l.*; this property Lynch offered to give up in full, "leaving not even a bed for his daughter;" but on Mr. Pratt's being applied to for advice, that gentleman recommended the treasurer not to fall in with the offer, inasmuch as it would be "a compounding of the felony." (825.)^[119] Mr. Pratt had arrived by this time at Tralee, and was engaged in the investigation of the affairs of the bank, and in making his awards in the case. That investigation showed the most culpable neglect on the part of the managers and trustees: Lynch had been engaged in his nefarious practices for fifteen years, and yet till the day he made his confession a breath of suspicion never reached one of them. The confidence of the trustees in the man was so unbounded, that one trustee would sign anything he wished; and the other, who generally acted, signed because he saw the name of his fellow-trustee. Mr. Pratt ascertained that here, as at Cuffe Street, the law had been systematically violated; depositors had put in money to any extent; they had deposited their money at all times, and under all kinds of circumstances; charitable institutions deposited their funds without any limitation, one fund having at one time had as much as 5,000*l.* in the bank. Mr. Pratt, in making his awards, had to take all these facts into consideration, giving satisfaction so far as it was in his power to those who had made their deposits legally, and refusing it in all other cases. In this way he made awards on the trustees of the bank to the sum of over 16,000*l.* The trustees disputed their liability on the strength of the Act of 1844, and when the case was brought before the Court of Queen's Bench the decision of the barrister was set aside.

To this day, we believe, the unfortunate depositors in the Tralee Bank have in no sense, either by private benevolence or Government aid, been recompensed for their loss.

When the blow first fell with all its crushing weight upon the people, they are described as having borne it "with wonderful patience;" then this state of things was followed by a period of stolid indifference to all the ordinary maxims of thrift and prudence, as if their treatment had destroyed the growth of provident habits. So much is evident from the statements of a respectable solicitor at Tralee who was examined before the Committee of 1848:—

"Can you state (Mr. Herbert to Mr. Justin Supple, 872), from your own knowledge, what class of persons the depositors are, generally speaking?—Generally speaking, they are composed of servants, artisans, mechanics, and small shopkeepers. There are a few of a higher class, but they are very few indeed. I have pass-books with me amounting to about 16,000*l.*, and I assure the Committee that there is not a case in which I could not point out a more or less considerable degree of hardship." He then stated several cases.

(878) "Can you state from the general feeling of the country, what evil consequence will be the result of the failure?—Taking the failure," says the witness, "in connexion with the years of famine, I think the consequence will be to drive the classes which have been hitherto industrious and economical in their habits, to vice and wickedness, because the dissipated characters who have saved nothing, or did not take the trouble of saving, now look upon the poor industrious creature who has been cheated, laugh at him, and tell him that they have spent their own money, while the industrious man has had somebody else to spend his for him."

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The agitation was at its height in Tralee when news came that the neighbouring Savings Bank at Killarney had stopped payment. Mr. Pratt had not even finished his awards in the one case before he was required to investigate this fresh iniquity. It would seem that the exposure of the one actuary had led to closer investigation on the part of the trustees of the Killarney bank, and the earlier development of the fraudulent proceedings of the other official. Here again the frauds were found to be of an ingenious character, and might have been continued over an indefinite period, but that the trustees were compelled by the force of public opinion in the neighbourhood to do the work they had taken upon themselves. As it was, the deficiency was found to amount to 20,000*l.*: the entire liabilities of the Killarney bank were 36,000*l.*, but the money in hand and the property of the actuary, who decamped, which was calculated to realize about 5000*l.*, reduced the loss to the former sum. As the average amount due to each person was 45*l.* we may well conclude that the majority of the depositors were of the poorer classes. Though the real loss was less than in the case of the Tralee Bank, the bank at Killarney was found to have been managed with greater carelessness; the trustees and managers professed to make a yearly audit of accounts, but this to all intents and purposes meant nothing more than taking the actuary's word for everything. The details of this fraud have never, so far as we can find, been made the subject of a searching public investigation, so that little more is known than that the frauds in question were of the usual character. Mr. Pratt, in a short report which he presented to the Lords of the Treasury after he had visited the place, said that he found the one case to be very similar to the other (Tralee), both as regards the actuary and the managers. In both cases the accounts of the treasurer were correct, and in both had the trustees grossly neglected their duties. Here again he made awards against the bank to a large amount, and in one respect these awards were much called in question. This public officer received much blame, both in and out of Parliament, for the character of his decision, whereas it seems quite evident now that he simply endeavoured to carry out the regulations of a most imperfect law.

The law of 1844, there can be no doubt, was unjust in the case of one class of depositors at Killarney. On the clauses of this Act, Mr. Pratt was compelled to award to those depositors who had contributed their money after 1844, only the surplus money which was left after the depositors who had made legal deposits^[120] before 1844 had been paid their claims in full. This decision was, of course, come to on the ground that the trustees had not assumed the responsibility provided by Mr. Goulburn's Act. In this way the depositors before 1844 got 20*s.* in the pound, whereas those coming after that year only got 3*s.* in the pound, and a further small instalment afterwards when the actuary's property was realized. The decision might be right in the eyes of the law, but the law was most unjust that rendered such a decision possible, or proper.

The next Savings Bank failure in the order of its occurrence, which has been made the subject of any investigation, was that at Auchterarder, in Scotland, in 1848. The Committee of 1849 were appointed to inquire into the case, as well as the Irish cases already spoken of, but we do not find that any evidence was taken on the failure in question. It seems, however, that the Auchterarder Savings Bank was a branch of the important institution at Perth: notwithstanding this, it was locally managed, the local trustees, furthermore, being held responsible for any irregularity. This small bank was originally established in 1841, the principal landed proprietors and ministers of various denominations taking part in its organization. In seven years the number of depositors had reached to 2,000, and as the total amount standing to the credit of each person was less than the average of 10*l.* they must have consisted of the very poorest part of the population of this rural district. The number of managers amounted in all to forty; but the ruling power was John Findlay, cashier and

parochial schoolmaster, and the sole paid officer of the bank. In December, 1848, a trifling inaccuracy was found out in his accounts, when he lost no time in absconding. It was then seen that he had within seven years appropriated 1,500*l.* to his own use. The liabilities of the bank were 4,300*l.*, whilst the available assets only realized 2,774*l.* The dividend, given out of this money, a subscription entered into by the trustees and their friends, and the sale of the defaulting actuary's small estate, ultimately reached to eighteen shillings in the pound. What benefit it was to the poor people at Auchterarder to be connected, as one of several branches, with the flourishing concern in the neighbouring county town, we are at a loss to understand. This connexion did not preserve the accounts from being tampered with; it seems to have afforded no check: and when a paltry sum of 150*l.* was needed to reimburse this deserving population in full, the Perth institution came forward with—nothing better than advice!^[121] It surely cannot be a matter of surprise that the bank was “never re-opened,” and that “no private gentlemen could be found to undertake the trouble *or risk for the future.*”

We have hitherto been concerned almost entirely with Irish Bank frauds; henceforth we shall have to deal exclusively with English ones. Not only on account of the date of its occurrence, but from its magnitude and enormity, the fraud on the Rochdale Savings Bank deserves the first place. It is not too much to say that no Savings Bank defalcation equalled this one in the depth of its iniquity and cunning, and in the disastrous effects which followed, affecting as they did the growth of provident habits not merely in that particular locality, but throughout the entire kingdom.

The Rochdale Savings Bank was commenced in 1818, or immediately after those institutions were recognised by the State. It seems to have been started in the usual way, and to have progressed with great rapidity,—the community about Rochdale forming a very favourable specimen of the Lancashire people. In 1822, George Haworth, a young man of twenty-one, succeeded his father, John Haworth, who had been actuary of the bank since its commencement. As the son remained with the bank almost till its affairs were wound up in 1849, he may be said to have been associated with it through its whole course of thirty years. When very young, this man appears to have shown extraordinary energy and talent for business, and each year he not only added to his engagements, but seemed to accomplish all he undertook with equal readiness. In addition to his duties at the bank, he first took an agency for the sale of wool, then, as now, the staple trade of the town; then he obtained an agency for the sale of porter, both from a Dublin and a London house. Latterly, however, he had advanced himself to the dignity of cotton spinner, and was occupier of a large factory; was at the same time a land agent, estate agent for several gentlemen who possessed large properties in the neighbourhood, an insurance agent, and valuer and receiver of rents for the Lancashire and Yorkshire Railway Company. Not less on account of his more private character than from those multifarious matters with which he was connected, Mr. Haworth was a man of mark in the place. He was a member of the Society of Friends, and this of itself was a passport to the trust and confidence of many men.^[122] Whenever anybody wanted a chairman, or sought a little patronage for anything literary, scientific, or charitable, resort was had to “Friend Haworth;” “he always patronised such things as far as he could;” and who could do more, especially one who was “not himself a particularly talented man?”^[123] “Talented” he might not be in the ordinary acceptance of the term, nor indeed need he have been, to do this much; but never was there a man more talented in the art of deception. “He deceived everybody by an appearance of wealth.” He lived handsomely, “though scarcely with any particular extravagance;” he was above mere “gig respectability,” and rode in his carriage. “For the reputation of honesty, probity, and wealth,” said Mr. Taylor, “there was no man in Rochdale who stood higher;” and so far did he disguise his real character, that his most intimate friends were those who were most deceived by him. “He was not only,” says a friend of ours, who himself suffered by his frauds, “never suspected of doing wrong, but he was regarded as above suspicion and uncommonly safe.”

It is true that some persons now and then expressed their surprise that George Haworth should act as actuary to a Savings Bank, and moreover attend so closely to his duties there when his hands were otherwise so full; but Haworth deceived even these people by putting his connexion with the bank on the ground of charity, and an anxious desire to promote the happiness of his poor fellow-tradesmen,—for whom indeed he was each day laying up increased stores of untold misery. Clever to the last, but supposed by some—of course wise after the event—to have gradually failed in heart and strength after losing his father-in-law, who it now seems was his confidential assistant and accomplice, he escaped his justly-merited punishment in this world, and by an inscrutable Providence was allowed to die unmolested on the 19th of November, 1849. Deluded to the last, his fellow-townsmen considered his loss irreparable; it was a general feeling that this man should have a public funeral, and it was nearly being so concluded when the relatives of the deceased stepped in and wisely put their veto upon it. Strange to say, but only in keeping with the unnatural strangeness of the whole affair, suspicion never entered into the heads of any one, high or low, in connexion with the bank, till this man was far beyond the reach either of earthly anger or law. The trustees and managers were called together after the funeral; and so ignorant were they of the real state of the case and the true nature of their late actuary, that they thought they were met simply to elect his successor, and were actually prepared with different nominations, and not to hear from the dead man's attorney that the “wealthy and respected man” had been for twenty years trading on the falsest of false pretences, and

fattening on the hardly-earned scrapings of the poor whom he had so patronized.

Haworth's solicitor told the unwelcome story of a deficiency. Enough was said to make the trustees at once decide to call in the depositors' books, and in the course of a few days it was ascertained—though it took a much longer time to credit it—that the liabilities of the bank amounted to 100,403*l.*, that the total assets were calculated to realize 28,686*l.*, and that the deficiency amounted to the enormous sum of 71,715*l.* In the course of two or three weeks the trustees made the announcement of the defalcations to the public, with what result may be better imagined than described. At first the depositors took the matter very calmly—a feeling in which was mingled incredulity; and a disbelief that they would be allowed to lose so much money got possession of the people's mind. The general opinion was, till undeceived, that the Government would have to stand to the loss.^[124] Of course this made it all the more deplorable when the real facts became known. One of the witnesses who was examined before Mr. Slaney's Committee on the savings of the middle and working classes (1850), gave the following evidence of the feeling in Rochdale at the time:—"I was in Lancashire some time ago, meeting with large bodies of working men at the time of the failure, and I shall not soon forget some remarks that were made about the Government. One man said, 'Dr. McDowall came here, and told us that the Government was a set of robbers, and that they did not care about the property of the working men.' He said, 'I did not believe Mr. McDowall then; but when I see there is no security for the savings of the working men in the Savings Bank, and we supposed Government had them under their protection, I believe now that Mr. McDowall was right, and that Government cares nothing about either the poor man or his savings.'" Of course we give this extract simply to show the effects of the fraud on the minds of the poorer classes, for nothing could be more unfair than such conclusions. Soon the depositors came to look the loss fairly in the face; they elected a committee of their number to act for the rest, and Mr. Taylor, the witness before the Committee of 1858, was appointed chairman; they agreed to avoid litigation if possible, and relied on private benevolence and the possibility of a grant from Government to make up the deficiency. The sum of 17,000*l.* was readily subscribed among the trustees and their friends; another sum of 17,000*l.* was realized out of Haworth's estate, and ultimately the managers were enabled to give a dividend to depositors of 12*s.* 6*d.* in the pound.

Thanks to Mr. Taylor's intelligent evidence, we have not only gleaned the above particulars, but we are enabled to give some account of the way the Rochdale frauds, which entailed so much misery and so much loss, were accomplished. As the first question likely to arise in the mind of the reader would be, doubtless, to ask where were the trustees, it would be wise to dispose of it first. Haworth "was exceedingly respected, and everybody had faith in him," says Mr. Taylor, naïvely; "but from what we discovered, he must have been exceedingly designing for many years." In no instance that has come within our notice were the trustees, who ought to have been this man's master, so completely his tools. Haworth was so much the factotum of the bank that he really appointed the trustees; and so "designing" was he, that when he got some one appointed who was likely to attend to his duties, or be otherwise troublesome, he took care to keep the knowledge of the appointment to himself. Mr. Taylor gave his own case in corroboration. This gentleman found out afterwards, that he had been appointed a manager in 1838, and never was aware of the interesting fact *till the bank failed* in 1849. "I never was at any meeting; I never was called upon to attend any meeting; and I can name several others in the same way."

Of course Haworth took care to make a show of having trustees. When the same witness was asked (qu. 3,175), if any attended, he said that "one or two attended occasionally; one very old man indeed, who was Haworth's tailor, really was a trustee, and he attended, I dare say, once or twice a month, and sat in the bank; but he was a very imbecile old man, and would do whatever George Haworth told him to do." Sometimes Haworth had to manoeuvre a little in order to get his returns signed, and then he would resort to the trustees whom he in a manner kept in stock. A case in point is recorded. A gentleman named Chadwick was passing the bank during one of Haworth's times of need, and the actuary called him in, and asked him to be kind enough to sign a return. Mr. Chadwick naturally hesitated, as having nothing to do with the bank. "But thou art a manager," said Haworth, showing him his name, for the first time, in a printed list; and Mr. Chadwick, thinking that he had perhaps just received this mark of the actuary's esteem, at once fell in with his request, and signed the return.

Haworth knew better than neglect to make out and send the proper "returns;" the expedients, however, by which he contrived to get them, false and true, signed, were wonderful for their cunning and daring rascality. It is impossible to spare space to describe them in detail. "Is it your belief," said Mr. Sotheron Estcourt to the Rochdale witness, "that the returns were always properly furnished?" "I should say so," said Mr. Taylor; "Mr. Haworth *was exceedingly exact!*" When asked why the managers and trustees did not look at the papers to which they put their names, Mr. Taylor said, in justice to these men, that "George Haworth's power of deception was very great, and they were deceived by him." When it suited him he would deceive a gentleman into taking office, and then constantly deceive him in the execution of the duty allotted to him. He went to one gentleman and asked him to become a trustee; the person excused himself on account of his business occupations and the risk; Haworth said that the responsibility was with Government, and showed him a draft bill which had never been passed into law! Satisfied on this point, the person then inquired as to his duties. The arrant rogue said he wanted his name to act as a

check on the managers, and sign orders for money which they had audited; *for "the managers manage the bank."* When Haworth had obtained the names of gentlemen to act as trustees, &c., on some false pretence or other, he had the audacity to trade upon their names. If any poor person, on becoming a depositor, began to express any doubt about security, Haworth, "who was much looked up to in the town by the poor," made answer: "Thou seest the names of these gentlemen; what dost thou think of them?" Having succeeded so thoroughly in beguiling those persons who ought to have acted as a check upon him, all the rest was comparatively easy to a clever and shrewd person like Haworth. His task was far easier, indeed, than that of some of the Irish actuaries; and once the ascendancy gained over the trustees, nothing but close attention and a vigilant *confidant* were required. The first defalcation was traced back to 1837, and consisted of his forging the receipt of different persons whom he represented as having received certain sums of money. The great bulk of the fraudulent transactions was accomplished, however, by the actuary keeping two sets of books, one of which, marked, "H," were his private books, and the other the public ones. In his private book were found the accounts of nearly a thousand depositors, who, it seems, had been carefully chosen as having the largest sums in the bank, and who generally were bringing additions to their store, and seldom drawing upon it: these moneys he accounted for, "for he was exceedingly exact,"—but only in his private books; he never entered them in the regular bank books, and they were never acknowledged by any one but himself. Under any sort of supervision or audit from a disinterested second party, the discrepancies must have been found out; the trustees, however, as we have seen, did just as they were ordered, without ever thinking of questioning anything; and the yearly audit, which this "exact" man insisted upon—*he made himself!* "The following is another instance," to quote from a little pamphlet published at the time, "of Haworth's cunning and duplicity:—A friendly society of Ploughboys deposited on a given day 30*l.*, which was properly entered in the book, and laid before the trustees. Shortly afterwards the actuary must have erased the word 'deposited' and substituted 'withdrawn,' at the same time placing the figure 1 before the 30, thus making it appear that the society, instead of depositing 30*l.* had withdrawn 130*l.*" With this last instance of his villany in his raid on the Ploughboys' money, we leave George Haworth to the deliberate judgment of posterity, in the hope that this case may always be the blackest page in the catalogue of such crimes.

The effect of this fraud, when the depositors found that no help was coming, was most disastrous; some of those who had lost considerable sums of money took to hard drinking, declaring that they would spend their own money themselves: the feeling found expression in such phrases as, "We will spend our money rather than a George Haworth shall have it." If the moral influence associated with such habits as those of economy and forethought were not annihilated, they seemed to be, and the lessons as well as the savings of years lay buried in this bad man's grave. The Rochdale bank was never re-opened; the bank at Heywood, a small town about four miles distant, was entirely closed by the shock which followed after Haworth's decease; and in many towns in the North of England, but especially in Lancashire and Yorkshire, the case exerted an evil influence for many years on the spread of provident habits, and is still bitterly remembered.

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Among the details of several cases of fraud in Savings Banks that were presented to the Committee of 1848, we find some particulars of the defalcations at Reading and Brighton, which we mention together, inasmuch as the same actuary related them in brief, and in fact was connected with both investigations to which they led.^[125] In 1842 a fraud was discovered in the Reading bank through one of the clerks there noticing that a depositor's book did not agree with the ledger account. The books of all the depositors were called in, and great numbers were found not to correspond. Ultimately the frauds were found to have extended over several years, and to amount in all to 3,000*l.* They were easily traced to the secretary of the bank, who was also the accountant. It seems he took sums of money from depositors, entered them in their books, but not in the ledger of the office; and hoped by constant attention to the work to be present whenever any of the books that had been tampered with were brought to the office. So culpable in this case did the trustees feel themselves to be, that the secretary was allowed to refund the money he had taken, so long as his private funds lasted, and was then quietly dismissed. Being before the year 1844, the trustees were liable to the whole extent of the defalcation, and proceeded to pay off all depositors by means of a subscription amongst themselves, one of them giving 1,000*l.* Mr. Hatton, then a clerk in the Reading bank, was employed to investigate the fraud and bring matters to a settlement; and this he did so ably, that he was appointed actuary.

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In seven years from this time, Mr. Hatton was engaged upon an equally unfortunate business in connexion with the Savings Bank at Brighton. A deficiency was found out in this bank in 1849, to the extent of nearly 4,000*l.*, and was proved to have arisen from falsifications in the accounts of Mr. Buckoll, who for many years had been actuary of the bank. The first suspicion of anything being wrong was felt by one of the managers, who, somewhat shrewder than the rest, went carefully through the balance-sheet of the year 1848, under the impression that the amount of profits ought to have been larger. He was unable to do more, however, than confide his suspicions to the actuary of the Reading bank, and to request his opinion. After Mr. Hatton had examined into the amount of business done,

and compared the business with the capital and the various items presented to him, he expressed his opinion that the profits on the year should have been at least 100*l.* more than they appeared to be. Strengthened in his opinion by this advice from an experienced actuary, the manager in question, at the annual meeting held immediately afterwards, got up and said that he did not feel satisfied with the balance-sheet, and moved that the meeting should adjourn for a short time for some investigation to be made. A close examination of the accounts was so little to Mr. Buckoll's mind that he "decamped," leaving a letter for the managers, in which he stated how unworthy he had been of the position he had filled, having committed frauds on the funds of the bank to a considerable extent. A warrant was immediately issued for his apprehension, with a view to criminal proceedings, but he got clear away; and up to within a few years ago had never been heard of. Mr. Hatton, who succeeded eventually to the situation which Buckoll filled, was called in to pursue the investigation into the case, and it is from his evidence before the Committee, already so often alluded to, that we are enabled to extract some account of the way in which the frauds were accomplished. The actuary, it seems, made false entries in depositors' books, false entries in the ledgers, and forged the initials of managers, who were required to certify to each entry in the latter. If he wished to draw 100*l.* from the funds of the bank, his plan was to get hold of a pass-book,—a new one, if he could not find an old one readily,—forge entries in that book as well as corresponding entries in the ledger; this book he would present to the managers in attendance, who readily paid the amount. In some cases the money was left with Buckoll to pay over to the *quasi* depositor, as was then too much the custom all over the country. Afraid, however, to do too much of this sort of work himself, he arranged in several cases to have the money paid on what is known as a power of attorney, or an order for payment to a second party. Thus he went among his friends, and represented that some poor person or other had applied to him to withdraw a sum of money standing to his credit; but as he could not act as his agent in the matter, and the party could not himself attend at the bank, would Mr. So-and-so oblige him by simply going and receiving the money? These persons, who in all cases were proved to have been innocent agents in the transaction, relied on the character of Buckoll, who of course was highly respected in the town, and would then hand the money over to him according to agreement. Another mode by which, towards the end of his course as actuary, he contrived to appropriate to his own use several large sums of money, was by taking deposits out of course (as in the case of the Dublin actuary, even in the street), and never in any way accounting for them to the bank. What the trustees were doing during all the years these frauds lasted, how the accounts were made to square, and where the system of check was, does not appear. Mr. Hatton, in justice to the trustees, said they "were as efficient as trustees and managers are found to be;" but this kind of evidence is simply a reflection on the general body of such officers, and scarcely any exculpation of the individuals in question. The system of check was clearly inefficient.

It is pleasing to add, that in this case the depositors suffered nothing from the frauds. The bank had money in the "separate surplus fund" to the extent of 3,000*l.*, and this, with 600*l.* which an unfortunate Guarantee Company had to pay for the defaulting actuary, paid nearly all claims.

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From 1851 to 1861 there were numerous instances of frauds in Savings Banks, all which cases will be found included in a list at the end of this chapter, though not described at any length. It is the less necessary to do so, as nearly all of them are fully described in reports made by Mr. W. H. Grey, a professional actuary, who had long been experienced in Savings Bank matters, and who had been sent down by the National Debt Commissioners to investigate such cases as they arose. It would appear from his reports that most of them were imitations on a small scale of the gigantic frauds already described in detail. The common feature of almost every case was extreme laxity of book-keeping;^[126] nothing like a proper audit; and signatures given by responsible persons without even a cursory examination. Thus in the Isle of Wight Savings Bank at Newport, Mr. Grey's testimony is, that he found that "fictitious documents, purporting to be signed by depositors, giving notice of their intention to withdraw a part or the whole of their deposits, have been produced by the secretary, on the faith of which cheques have been signed by the attending manager without seeing the pass-book, and without ascertaining whether such sums were really standing in the ledger or not. These cheques have been entrusted to the secretary for delivery to the depositors at any time they might call for them, instead of insisting on personal attendance during bank hours." The actuary of the Rugby bank committed his frauds in the same way. Again: "In some cases, fictitious accounts had been raised in the ledgers, and closed again immediately fraudulent repayments had been made; and in other cases in which the amounts had been previously withdrawn, the dates of the real withdrawals had been altered into those of the fraudulent ones." No comparison, it seems, was ever instituted between the cash-book and the ledger, and the system pursued had practically left the whole control of the receipt and payment of about 30,000*l.* a-year to one individual. The secretary, indeed, William Wheeler Yelf, "was generally much respected in the island," was distributor of stamps, did a large business on week days, and was employed as a Wesleyan preacher on Sundays; but we have seen how much all this, and more, avails where the man is thrown amongst overwhelming temptations and has no principles to guide him. We have already spoken of many of the results of the Rochdale fraud; the case of the Isle of Wight bank shows that that fraud affected other banks. It was suggested after the failure of the Rochdale bank that the trustees of every other institution should at once set

about a rigid comparison of the depositors' books with the books of their respective banks. The Newport trustees at once acted upon the suggestion of the National Debt Commissioners. They established the practice of having the balance-book containing a list of the balances due to depositors always on the table when the bank was open, and of comparing this with the depositors' books brought to the bank. Had not Yelf been a clever swindler, or had the trustees carried the plan to a fair conclusion, he would now have been found out. Mr. Grey thus explains the new deception adopted to conceal the deficiency: "At the annual examination both ledger and balance-book were duly placed in the hands of the managers; but when they had satisfied themselves that all the balances had been correctly transferred, they shrank from the laborious task of adding together two or three thousand accounts, trusting to the secretary's addition." This labour was just what Yelf wanted. "In point of fact," continues Mr. Grey, "the addition of each page was correct, but the total of each page was brought into a summary page at the end; and in doing so, 1,000*l.* was dropped in one place, 1,000*l.* in another, in the capital column, and 20*l.* here and 30*l.* there in the interest column, with some odd money to make up the required deficiency." Well might the Government actuary add, "From these practices it will be perceived how imperfect a system has been pursued, and how little it was calculated to prevent or discover fraud!"

We come now to a comparatively recent date, and to two frauds in Savings Banks which must be fresh in the memory of every reader. We refer, of course, to the aggravated case at Bilston, and the late case at Canterbury. A witness before the Committee of 1858 expressed his opinion that from that time henceforth the country had done with extensive fraudulent proceedings in any large Savings Bank. It unhappily comes, however, within the province of history to chronicle one such case occurring so late as 1862, and another the facts of which transpired even after the passing of the Consolidation Act of 1863.

The Bilston Savings Bank was established in 1838. Nothing unusual marks its early history, except the fact that the man who ultimately managed all its affairs and so largely embezzled its funds was prominently active in its establishment, and was one of the original trustees. To show the estimation in which the Rev. Horatio S. Fletcher was held by his fellow townsmen in 1838, we need only state that in that year, being before simply perpetual curate of the parish, he was presented by them with the incumbency of St. Leonard's, Bilston, worth 700*l.* a year. That he should take a large share of honorary employment after this was only what might have been expected. Whether expected or not, he did undertake many offices. In 1839, Mr. Fletcher, in addition to being a trustee, was made secretary to the Bilston bank. In 1849, he also became treasurer. Not content with this monopoly of offices, he soon afterwards took upon himself—for there is no record of his having been appointed to the office—the work of actuary. The whole of these offices, and the entire system of check which they are properly supposed to give to each other, Mr. Fletcher held till 1861. And why not? The man was universally known for his charity and benevolence: as the principal clergyman of the place, did he not teach mercy and charity; and, as a magistrate, did he not uphold the majesty and dignity of the law? Since the way in which trust is reposed in individuals can never be fully explained nor made the subject of rigid rule, who could better be relied on than the Rev. H. S. Fletcher, Incumbent of the parish, and Justice of the Peace? Nothing can be more easy than to say *now*, that it was consummate folly to allow one man to hold the important offices he did; but who would think of saying so much *then*? Suffice it to say, that this man, like so many more of whom we have had to speak, contrived to ingratiate himself into the good will of all around him, and had that peculiar kind of cleverness which succeeds in getting his application and zeal laid to the credit of his disinterestedness and charitable disposition. Since the subsequent facts make it impossible to put a kinder construction upon them, all the rest follows in this case simply as a matter of course.

On the 3d of January, 1862, the announcement was made in the *Times* newspaper that the Bilston bank had come to a sad end, and that defalcations to the amount of 8,840*l.* had been found out in the accounts of the treasurer of that bank. How these frauds, which extended over several years, were accomplished, and how they were found out, remains to be seen. We will reverse this order, and speak of the exposure first. In the spring of 1861, Mr. Tidd Pratt, the energetic Registrar of Friendly Societies—whose name indeed seems almost synonymous with such subjects—visited Bilston, and delivered a lecture on "Benefit Societies." In the course of that lecture Mr. Pratt alluded to the cognate topic of Savings Banks, and spoke of the necessity for regular accounts and regular returns in connexion with them. He then took the opportunity to refer to the "very irregular manner" in which the accounts of the bank in their own town were kept. Now, it must not be supposed that Mr. Fletcher had forgotten his returns; he was far too careful for that; he knew the penalties attaching to such neglect. It seems that both weekly and annual returns, although they were habitually and carefully "cooked," were regularly forwarded to the National Debt Office. The "Returns" to which Mr. Pratt appears to have pointed, were those called for annually by the House of Commons, with the object of improving the law of Savings Banks; and these returns, from 1855 to 1861 the factotum of the Bilston bank had constantly neglected to send. Mr. Pratt, in continuation of his statement afterwards, confessed he knew nothing of the circumstances of the bank, further "than that his suspicions were always aroused in cases where he found any accounts were not properly rendered." There can be no doubt about it, that this reference roused the "reverend defaulter" to a sense of his danger; for it subsequently transpired that not a penny was abstracted unlawfully from the bank after the

week of Mr. Pratt's visit and lecture. Furthermore, not only was the culprit aroused, but the trustees were awakened to some sense of their responsibility, and very soon afterwards there was a movement amongst them for a change in the management and an overhauling of the books of the bank. In a very few weeks after Mr. Pratt's visit a new set of managers and trustees were proposed, and Mr. Fletcher was deputed to see them, and endeavour to get them to act. In July the appointments were legally made, including that of Mr. Hawkesford to the post of actuary. Then quickly followed the disclosure which indeed, sooner or later, was now inevitable. The new actuary got the books from the parsonage—the bank being held in the school-room of the church—and was not long in finding out some of the discrepancies with which they abounded. On first discovering the frauds the actuary spoke to the treasurer, who promised to confer with him about them; on finding out the magnitude of the defalcations, he again mentioned the matter, choosing an extraordinary time, not however without its significance—of a Sunday after the usual service. The clerical delinquent acknowledged his guilt, and said, "He was very sorry, but never intended to defraud the depositors of a shilling." It will be seen, however, that the fraudulent transactions were of such a nature as not to admit of any extenuation, and to render condonation of any sort impossible. The feeling produced by the disclosure was painful in the extreme, and the country spoke out with vigour on this extraordinary and merciless breach of trust. The local magnates, indeed, and the body of trustees who had allowed these frauds to run on, spoke with bated breath of the "deficiencies" of the Bilston treasurer; the *Times*, on the other hand, spoke far more in accord with the general feeling of the country, when it characterised "this man Fletcher" as "the meanest, the most cowardly, and the most cruel of swindlers."^[127] Under his manipulations, the Bilston bank was a Savings Bank in nothing but the name; there were trustees, but they were tools; rules, properly certified, but never obeyed; accounts made out and "cooked," but never checked or audited. The trustees did just what they were bid, and the real operator at the bank did just what he chose. This clergyman and magistrate was a swindler, his books a heap of lies, his balance-sheets pure fiction.

Mr. Pratt was sent for to examine into the state of the bank immediately after its condition became known, and it is to the account which he himself subsequently gave to the depositors that we are indebted for most of the particulars which elucidate Mr. Fletcher's mode of operation, when in the thick of his guilt. Mr. Pratt stated, that from 1848 to January, 1861, there did not appear to have been any meeting either of the trustees or managers, for the purpose, according to the rules, of auditing or settling the weekly accounts. The Rev. R. J. Heafield, a trustee and manager of the bank, confessed at the trial of Mr. Fletcher, at the Staffordshire Lent Assizes, 1862, his own culpable negligence in the following words:—"The weekly returns signed by me were prepared by Mr. Fletcher. *When I signed them, I never in any way compared them with the books.* They were presented to me either by Mr. or Mrs. Fletcher, and I took no measures to verify their accuracy."^[128] What might not a designing man do with such a tool as this? Having subdued his trustees in this way, the rest was, as we shall see, quite easy. The books at the bank were, it is only fair to say, kept quite correctly; so were the depositors' books. According to the evidence of Mr. Pratt: "In the day-book everything was entered with scrupulous correctness; and 1200 depositors out of 1400 had brought in their books, and he did not believe an error had been discovered." Mr. Fletcher chose a somewhat simpler course of action, which we will describe. His duty as actuary of the bank required that he should furnish weekly returns of the transactions to the National Debt Commissioners: the correctness of these returns were to be checked by the treasurer, which office he of course filled *himself*. All that was necessary to the perpetration of fraud was that this actuary-treasurer should be on easy terms with his conscience, and this unfortunately was the sad state of the case. Deceive the Commissioners by falsified returns, and any amount of money, under the peculiar arrangements of this bank, might be pocketed without fear. In order to help himself to a full solution of the case, Mr. Pratt brought these returns down from London, and compared them with the bank accounts, with the following result:^[129]—"The whole of the Returns he held in his hand were signed by Mr. Fletcher, as actuary and manager. In the statement dated January 1, 1859, the amount received was returned at 234*l.* On looking at the books for that day, he found it should have been 334*l.*, therefore 100*l.* had been abstracted on that day [cries of 'Shame,' and sensation]. On the 8th of January, he found the payments were set down at 174*l.*, whereas they had only been 74*l.*, thus showing that the treasurer had put another 100*l.* in his pocket that week. In the return dated January 29, the receipts were set down at 183*l.*, and the payments at 148*l.*, whereas the former ought to have been 283*l.*, and the latter 48*l.*, thus taking to himself 200*l.* [renewed sensation]." So on through almost all the weekly accounts of three or four years. There seems to have been no other fraudulent transactions than those of this simple but abominable kind; the whole defalcation had taken place in this way, and it was made manifest that no one but the treasurer had participated in it. It is fortunate for the depositors that the frauds were found out when they were; but for the negligence in sending the required returns ordered by the House they might have been continued for an indefinite period. As it was, the assets of the bank realized in the first instance ten shillings in the pound; towards the close of 1862, another dividend of half-a-crown in the pound was paid, and since that time a third small amount has accrued to the depositors, who are never likely to be completely reimbursed of their loss. In 1862, Mr. Fletcher was tried before Baron Channell, and found guilty of "appropriating money with intent to defraud." His counsel, however, having made an able defence, characterised by the judge as being as subtle as it was ingenious, the point as to whether the prisoner was a "trustee" at the time of

appropriating the money—this being one of the facts upon which the indictment was based—was reserved, and he was released on heavy bail. Into the further history of this man, the sequestration of his living by the Bishop of Lichfield for the behoof of the depositors, the repeated failures of justice in his case, his eventual imprisonment for two years, it is not befitting that we should enter, these being items of almost current police intelligence.

We can only spare a few words to tell how similar results followed in this as in previous frauds. Men declared they would put it out of the power of mortal man to deceive them in this way again. In many cases a degree of recklessness was induced in those who had been cruelly wronged, which could only have been considered excusable if they had lost their all. It is not at all unnatural, that, from what cannot but be considered a defective education, men should so act, and be so ill prepared and disinclined to look evil consequences fairly in the face: still such facts only prove the truth of what we have before urged, that the extent of money loss, through such dishonest transactions as Savings Bank frauds, is but a trifling part of the aggregate misfortune they entail upon the country. Other depositors, it is but fair to say, acted far more wisely. Induced by the counsel and persuasion of those whom they could trust in a time of need, many depositors in other banks withdrew their money, and placed it where alone they could get that security which they so much needed, and several of the Bilston depositors did the same with the sums they obtained. It was represented to them truly, that not only would Government suffer by a run upon the old banks, but, what was of far more importance, they would themselves suffer, and their second period of suffering be worse than their first. Nothing can be so palpably true as that money, completely withdrawn at such times, is oftener wasted than kept, and frugal habits rewarded after this fashion far oftener discontinued than resumed.

And here, it seems to us,—and we mention it, though we are somewhat anticipating the subject—the country is greatly advantaged in having the new system of Savings Banks to point to. What was much wanted in previous cases was some safe place, where timid depositors might resort with their savings, and defrauded depositors go with what they had saved from the wreck.^[130] In the Bilston case this privilege was largely used. The Post Office Banks broke many a fall, and they set many on their feet again who otherwise would have been hopelessly overcome by the shock. Two years before it would have been sheer mockery to have told depositors, under such circumstances as those to which we are alluding, not to make a run upon Savings Banks; they had no alternative till, in 1861, that alternative was provided. It would seem, from a memorandum before us, that the authorities of the Postal Banks, without in any way seeking to prejudice the interests of the old banks, did all that was fairly possible towards reducing the disasters which have invariably and inevitably followed previous cases of Savings Bank failures. They instructed their agents, in all cases where, owing to the depredations at Bilston, Savings Bank depositors applied for advice about withdrawing their money, to recommend continued confidence in these institutions; if, however, such depositors were bent upon withdrawing their money, then to advise that it should not be asked for in cash, but by means of a transfer certificate, which would make them depositors under the Crown. The strict fairness of these instructions may be judged by the closing injunction: “Although you may fairly inform those depositors who are alarmed at this failure, that the depositors in Post Office Savings Banks have absolute and direct Government security for their money, you must on no account do or say anything to weaken their trust in the old Savings Banks.”

The last case^[131] in the catalogue of this peculiar description of crimes is that which occurred at Canterbury during the year 1865. This case is indeed so recent that any lengthy description of it would scarcely be tolerated. We may well spare ourselves the trouble, for the Canterbury fraud was little else than a repetition, on a smaller scale, of the one perpetrated at Rochdale, to which we have given so much space. Nor is it a little singular that the actuary in the Rochdale case was in many respects the prototype of the Canterbury actuary: in the estimation in which both were held in their respective spheres, in their character and occupation, there are several points of close resemblance between them. In the Canterbury case we have the old story of misplaced confidence, want of check, and a constant embezzlement of considerable sums of money extending over a long series of years. The actuary and secretary of the Canterbury bank, Mr. Samuel Greaves, was for many years almost the sole responsible official; of course “he bore the highest possible character for probity and honesty”: nor will it surprise any of our readers to be told that it came afterwards to be said of this man, “from his many professions he was thought incapable of such conduct as that which was proved against him.” The Canterbury bank was established in 1816. Greaves's connexion with the institution dates from 1830, when he was appointed actuary at a salary of 40*l.* per annum. The salary, however, was increased from year to year, up to the time of the exposure, when it stood at the respectable figure of 200*l.* Originally a “hoyman,” the actuary of course, and necessarily, engaged in other pursuits than those connected with the bank; and this circumstance, in the same way that it occurred in almost every other fraud of the kind, led to the malappropriation of the money of the bank. It was another case of partial service and partial pay, and an almost unlimited command of money, when among many other business engagements it was always possible that money might be urgently needed. Like Haworth of Rochdale, Mr. Greaves undertook several agencies, among them those for the sale of coal and porter. In 1840, it seemed, from the statements of his counsel, he began to lose money in his business, and was then, to put it in the mild form chosen at his trial, “induced to abstract some of the funds of the bank to meet his pressing difficulties.” Once on the downward road, he never turned back; it was impossible to

manage it. It was the old story, told with plainness by his own advocate. He took the money, with the full intention of repaying it on an early date; difficulties gathered fast around him, and still the man went on, foolishly trusting to some turn of fortune's wheel to replace him in his old position. He tried speculation, but he lost still more irretrievably; his lucky day never arrived: and at length the weight of anxiety under which the man must have laboured for twenty-five years brought him down, and with the lack of his usual vigilance came detection and exposure.

This detection was effected by a Mr. Abrams, the clerk of the bank, and it is from his evidence at the trial of his superior officer that we learn the actuary's mode of operation. All the cases of fraud, it seems, were identical in character, and were effected by means of claims for withdrawals only. Every deposit reaching the bank was properly received and properly accounted for. Like Haworth at Rochdale, the Canterbury actuary carefully noted those who were generally putting money into the bank, and seldom taking any out. In the case of many of these depositors he had provided himself with forged pass-books, with the deposit column always correct, but the withdrawal side manipulated according as he himself wanted money. Suppose any of the depositors came to the bank, to deposit or withdraw a sum of money; they presented themselves to the actuary, who entered in their proper book the proper sum, but immediately substituted a forged pass-book for the purposes of the bank. The ledger clerk received a book from the actuary to copy into the ledger, and in this way the books of the bank came to tally with the forged depositors' books. All that was necessary to carry on the frauds was that the actuary should keep a strict eye on the real pass-books of the depositors, for the discrepancies would be patent, as it eventually transpired, the moment the true books were seen. Sometimes the money was obtained with less trouble. Greaves would occasionally give himself notice that a depositor wished to withdraw a certain sum of money (and this occurred several times in connexion with a person who had deposited considerably, but never withdrawn any sum), and represented that the money was entrusted to him "to keep." After the *quasi* notice had been acted upon, he would draw a cheque for the money, and the amount would be entered in a false pass-book and copied into the ledger; the luckless depositor, with her book safely by her, being in entire ignorance of the whole transaction. The utter absence of any control on the part of the managers and trustees, as exemplified in such a mode of procedure, especially considering that it came after the case of Bilston, the agitation of the last few years, and the passing of the Act of 1863, reflected the greatest discredit upon the honorary officials of the bank, though their conduct subsequently went far to atone for their past neglect.

The case is described as having excited the most painful interest in the city of Canterbury. The actuary, an old man of seventy, was tried at the city quarter sessions in October, 1865; the trustees of the bank prosecuting him on the charge of felony. The transactions were again described, but only in brief, inasmuch as the prisoner pleaded guilty. A strong memorial was presented, signed by many clergymen and tradesmen, which, instead of asking for a mitigation of sentence solely on account of his age and infirmity, put forward the following extraordinary motive for interference: "The memorialists wish so far to relieve his character from any undue opprobrium that may attach to it, by declaring that the various business transactions they individually have had with him, have always been conducted in an honourable and satisfactory manner." At any rate, this questionable memorial may at least serve to show the estimation in which he was held by his fellow-townsmen. The prisoner was sentenced to six years' penal servitude,—six years for each of the two indictments; but, on account of his age, the years to run concurrently together.

The entire deficiency, when at length the whole of the accounts of the bank were made up, was found to be 9,300*l.* Happily the depositors, whom, so far as he knew, the actuary was mercilessly robbing, were ultimately secured against loss. The surplus fund of the bank, amounting to 3,500*l.*, was applied to meet the case; the actuary gave up property to the value of 1,700*l.*; a gentleman who was his surety for 400*l.* was called upon to pay that sum, and the remainder, about 3,000*l.*, was subscribed by the trustees and their friends. The bank was of course stopped on the defalcations coming to light, the books were called in, and the trustees sought the advice of the Government officials, as to transferring the business to the Post Office. The stipulation in this case was, we believe, that the trustees should make good the deficiency, and that then the business of the bank, which was a large one, the deposits amounting to 150,000*l.*, should be handed over to the new establishment. Every effort was made by the Post Office, in the way we have shown in the Bilston case, to stem the tide of improvidence which generally sets in at such a time, and in this case with great success.

The frauds above described have, of course, formed the principal cases,—cases which from their flagrancy and extent have either been made the subject of parliamentary investigation, or have so occupied the attention of the press as to have become grave subjects of public discussion. Besides those leading cases, there have been, as we have before hinted, a certain number that have been concealed from the public from motives which, though they may have been open to question, we cannot characterise as wholly bad or unwise. From two Returns issued at different times on motions made in the House of Commons, we are enabled to compile a complete list of those frauds that have been officially reported to the National Debt Office. The first Return embraces the period between 1844 and 1852, and the second, 1852 to 1857. The numerous frauds of which we have already spoken, or to which we have referred, occurring before 1844, and the important ones perpetrated since 1857, are not included in the following list. The gross amount of loss would have been considerably

swelled had a perfect list been possible. As it is, the following table gives the name of the Bank, the amount of the Fraud, and the amount of the Loss to depositors, so far as it can be correctly ascertained:—

Name of Bank.	Total Defalcations. £	Defaulters.	Depositors' Loss. £
<i>England.</i>			
Bradford, Wilts	400	Actuary	—
Bromley	932	Actuary	—
Dunmow	16	—	—
Highgate	700	Secretary	—
Newport, Isle of Wight	8,156	Secretary	7,850
Leicester	689	Clerk employed by Secretary.	—
Mitcham	10,000	Actuary	—
Newtown	180	—	180
Ongar	497	Actuary	—
Poole	6,221	Secretary	5,663
Reeth	230	—	147
Rochdale	71,715	Actuary	37,433
Rugby	1,438	Secretary	—
Runcorn	98	Actuary	—
St. Helen's	12,932	Secretary	6,680
Southport	200	Actuary	—
Spilsby	3,213	Actuary	2,436
Upper Albany Street	250	—	—
West London	1,106	Actuary	—
Yoxall and Barton	200	Secretary	—
<i>Scotland.</i>			
Auchterarder	1,400	Actuary	430
Monquhitter	336	—	—
<i>Ireland.</i>			
Kilkeel	976	Actuary	976
Tralee	36,000	Actuary	36,000
Killarney	20,370	Actuary	19,105
Nenagh	832	—	832
Mallow		No returns.	
Castle Townsend		No returns.	

The frauds at Hertford, Brighton, Reading, Cuffe Street, Bilston, and Canterbury, where the amounts of the defalcations are known, are left out of consideration. Thus the total amount of the frauds enumerated in the Returns, extending over thirteen years, was 179,280*l.*; or if we include the Cuffe Street bank fraud, to make up for those Irish banks which sent no returns, and errors of computation, and spread the total over all the thirteen years, the average amount of defalcation was at the rate of 17,600*l.* a year; or, taking the banks mentioned in the Returns, upwards of 7,900*l.* for each involved. Doing the same with the total loss to depositors, or 117,732*l.*, we find the average loss for each bank to be nearly 5,000*l.*

The reader who may have followed us through this chapter, and remembers the classes to which the cheated depositors generally belonged,^[132] will have some idea how much pain and suffering the amount of money so treacherously wrested out of their hands really represents. "But the evil," Mr. Gladstone well said several years ago when speaking on this very point, "that is done, is, unfortunately, not to be measured by the actual amount of money loss; there is an amount of evil such as figures can convey no idea of; and it is impossible that the public confidence in these institutions can be that which it ought to be, while these losses are liable to occur at all." This was a deficiency which Mr. Gladstone set himself to remedy immediately afterwards, and, though unable to do so at the time through the opposition of Savings Bank managers, it was not long before another system was provided which struck for ever at the root of this grievance; and for all practical purposes,

and so far as it was now possible, repaired the injury which the industrious classes had suffered through the action of defective legislation, and the moral obliquity of those who had been trusted with their earnings.^[133] After entering still more fully in the next chapter into the defects of the Savings Bank institution, considered purely *as a system*, and the attempts made from time to time to remedy its deficiencies, it will be time to describe how the above beneficial result was brought about.

[114] "In the case of a fraudulent actuary, especially if the bank is carried on at the man's own house, there is no limit to the fraud which he may commit."—*Evidence of Mr. Tidd Pratt before the Committee of 1848.*

[115] That Lynch, was no ordinary man there is abundant evidence. The following address to the inhabitants of Tralee—which from anybody else would be considered well meant and well expressed advice, simply completes the burlesque in his case:—

1. "Money, as the means of procuring the necessaries and comforts of life, is a blessing; and to be careful of it is a duty incumbent on all."
2. "To lay by in the time of youth, and whilst we enjoy good health, a portion of the fruits of industry in store for future wants, is a mark of wisdom; and considering that all are liable to infirmities, a provision to alleviate them is of the greatest importance."
3. "Some men by hard labour, and others by superior skill, earn high wages; yet for want of proper management they have nothing to reserve. Many might be disposed to save a part of their earnings if they knew how to set about it, *or where to place it with safety*; whilst others who have occasionally practiced saving, have lost what they had laid up, *by trusting it in unsafe hands.*"
4. "The promoters of this institution are aware that several of their neighbours, from various causes, are unable to procure many of the comforts, if not the necessaries of life; they are, nevertheless, fully persuaded that many others who have the advantage of constant employment, and are favoured with the enjoyment of health and strength, might, by practising laudable economy, reserve a portion of their earnings to meet the demands which a future pressure of bad times, sickness, old age, or an increase of family, may bring upon them, and thereby avoid the calamities under which so many of them suffer."
5. "It is a great mistake to suppose that small sums are not worth saving. By the habit of saving in little matters, riches are acquired; farthings saved would soon accumulate to shillings, and those to pounds," &c. &c. &c.

[116] A Mr. Fitzgerald was the manager who generally attended and did the current work of his office. His statement after the frauds had come to light was, that he made the best inspection he could of the ledgers of the bank. When asked why he never compared the ledgers with the daily cash books, he confessed he never thought of it, "there was the omission," "that was where the link of investigation broke," "that was the omission which concealed the fraud so long," and other similarly shiftless remarks.

[117] *Report of the Select Committee of 1848.*

[118] *Ibid.* (Qu. 674).

[119] Mr. Pratt's idea was to make the trustees liable in a great measure for the deficiency, as guilty of wilful neglect or default. The advice given as to Lynch's property was of very questionable propriety, and very questionable, as it afterwards appeared, in law. The money, however, was lost to the depositors completely, and went to Lynch's relations.

[120] As usual, many persons had been allowed to deposit illegal sums on which they had no claim. One man was shown to have taken out 420*l.* from the Provincial Bank of Ireland, and to deposit it all in the Killarney bank in one day.

[121] *Vide Select Committee on Savings Banks, 1858.* Evidence of Mr. Jameson, actuary of the Perth Bank. (Qu. 2,906.)

[122] An estimable sect of Christians, they are not better known for the zeal with which they contrive to amass and keep in their immediate circle vast stores of wealth, than for the uprightness and conscientiousness they generally display in the conduct of their business. The transactions of Haworth, and another of their black sheep who about the same time committed, or attempted to commit murder, whilst assuming their character, is described to us as having spread consternation and dismay through their ranks. The way in which the Society of Friends has, as a body, taken up the management of Savings Banks is most commendable.

[123] A great part of our information relative to the Rochdale bank fraud is gathered from the evidence of Mr. Edward Taylor, a worthy and intelligent tradesman of Rochdale, who was examined before the Committee of 1858 in reference to the transactions in question; and no one is better able to speak of them.

[124] So prevalent was this impression, that for several weeks 17*s.* 6*d.* in the pound was freely offered for Savings Bank books in Rochdale.

[125] Evidence of Mr. Hatton, actuary of the Brighton Savings Bank.

[126] It almost passes the bounds of credibility, and yet it cannot be denied, that in two separate banks, where the accounts were thus overhauled, items of money to a large amount were repeatedly found entered in the books with nothing but a pencil!

[127] *Times*, January 17, 1862.

[128] *Midland Counties Express*, March 16, 1862.

[129] Report of the depositors' meeting, *Birmingham Daily Post*, January 16, 1862.

[130] Or, as it was far better illustrated at the time, "It is not enough to bring a man who has been tossed about in an unseaworthy bark within sight of *terra firma*. We must heave him a rope, or, if possible, run

out a plank between the quay and his crazy ship's side, on which he may safely walk across.”

[131] No attempt is here made to catalogue and describe frauds not occurring in Savings Banks proper: a chapter itself might be written on banks for the people established and carried on under a system of complete deception and villany. Nor have we entered into the case of frauds in Penny Banks, such as the unfortunate case at Birmingham.

[132] Of the Rochdale depositors, for example, 1,245 were women, 722 unmarried factory operatives, 292 married, and 231 young girls; there were besides, 953 miners, 539 labourers, and 191 members of sick clubs.

[133] Since the above pages were in type, a deficiency has been made public in the accounts of the Worcester Savings Bank, the cashier, Benjamin B. Wilkins, having committed frauds to the extent of between 4,000*l.* and 5,000*l.* On the frauds coming to light last August the cashier decamped, and, as it now appears, found his way to America. The trustees, having heard of him through some channel, put the matter into the hands of the police, who have succeeded in apprehending him, and bringing him back to this country, and he will shortly be brought to justice.

CHAPTER VII.

ON THE DEFICIENCIES OF THE EXISTING SYSTEM, AND THE ESTABLISHMENT OF SUPPLEMENTARY SAVINGS BANKS.

“Were greater facilities provided for saving, and greater encouragement given by the intelligent classes to the formation of provident habits, we believe the habit of economy would spring up in many quarters where at present it is altogether unknown. The working man, though he may not like to be patronised, likes to be helped; and those who help to provide him with convenient places in which to deposit his spare earnings, will not fail to be regarded by him as among his best friends.”—MR. S. SMILES.

IN the fourth chapter we endeavoured to trace the progress of Savings Banks up to the year 1841, or after they had had a legalized existence of twenty-five years. We there tried to show that, for some years prior to that period, a manifest improvement had set in, and was rapidly proceeding, in all that related to the social condition of those classes for whose benefit such institutions as Savings Banks are mainly intended; and we think we succeeded in proving that the progress of these banks was commensurate with the gradual national advancement. Except in the years marked by financial or political embarrassment, the number of Savings Banks increased in a fair and regular proportion each year; and not only so, but the first table we gave (page 91) showed conclusively that the amounts deposited increased in the different years in the same proportion. We would now take up the statistics where we left them, and present the reader with a continuation of the same, in a slightly different form.

TABLE 4.^[134]

Showing the amount of Deposits and Withdrawals, and the Capital, of Savings Banks, at the end of each year from 1841 to 1861 inclusive.

Year ending 20th Nov.	Deposits.	Withdrawals.	Capital of Savings Banks in the United Kingdom.
	£	£	£
1841	5,694,908	5,487,723	24,536,971
1842	5,789,203	5,656,160	25,406,642
1843	6,327,125	5,333,015	27,244,266
1844	7,166,465	5,716,275	29,653,180
1845	7,153,176	6,697,042	30,950,983
1846	7,300,367	7,255,654	31,851,238
1847	6,649,008	9,060,075	30,236,632
1848	5,862,742	8,653,108	28,114,136
1849	6,196,883	6,522,760	28,537,010
1850	6,363,690	6,760,328	28,930,982
1851	6,782,059	6,305,566	30,277,654
1852	7,281,177	6,684,906	31,754,261
1853	7,653,520	7,116,330	33,362,260
1854	7,400,141	7,956,347	33,736,080
1855	7,188,211	7,654,133	34,263,135
1856	7,741,453	8,023,583	34,946,012
1857	7,581,415	8,375,095	35,145,567
1858	7,901,925	7,839,903	36,220,362
1859	9,021,907	7,335,349	38,995,876
1860	9,478,585	8,258,421	41,258,368
1861	8,764,870	9,621,539	41,546,475

From the above table, many important facts may be gathered. Speaking of the yearly proceeds, in 1847, 1848, 1849, and 1850, the withdrawals of money exceeded the deposits by amounts respectively of 2,411,067*l.*, 2,790,366*l.*, 325,877*l.*, and 396,638*l.* This extraordinary state of things is partly accounted for by the panic which set in about this time among Savings Bank depositors, owing to the discovery of numerous frauds, and, as a matter of course, the knowledge of the divided and defective responsibility under which the system was worked; but more especially was it owing to the commercial crisis of 1847-8. In the three following years, 1851-2-3, the crisis quite over, and a general examination of Savings Bank accounts tending to reassure the public mind, the deposits again gained their natural ascendancy, when, in 1854-5-6-7, the excess paid was at least equal to the excess received in the three previous years. There can be little doubt but that this result again was

owing in some measure to the Crimean war, and the scarcity of money during the period, but principally to the agitation which generally prevailed among depositors at the constant failures in the Legislature when attempts were made to place Savings Banks on a proper footing; these failures leading to repeated petitions for a Select Committee to go over the whole subject. In 1858 there was a slight improvement; in 1859 a considerable increase in the deposits, clearly the result of the investigations of the Select Committee of the previous year, which Committee, though it had done little towards a final settlement, had certainly dispelled a cloud of misapprehensions that had gathered round the concerns of Savings Banks. That improvement continued, though in a less degree, in 1860; when the Returns for 1861 show another large decrease of deposits and an increase of withdrawals, which we would not be wrong were we to attribute to the frequent discussions in Parliament, and in the country, relative to a new system of Government Banks.

Having to some extent accounted for the variations observable in the above table, let us proceed to compare the progress made during the period of twenty years now under consideration with that shown during the previous quarter of a century and described in a previous chapter. Between the years 1825 and 1835 the increase in the aggregate amount of deposits in the Savings Banks of the United Kingdom was at the rate of exactly fifty per cent. Between the years 1835 and 1845, the returns show an increase in deposits in this decennial period of ninety-eight per cent. Comparing the returns for 1845 and 1855, the progress made, if indeed progress is the right word to use here, was at the rate of *only five per cent.*

Were we to take the first five years of this last decennial period, we should find that there had absolutely been a *decrease* in the business of Savings Banks to the extent of *twelve per cent.*, but this unsatisfactory result admits, as we have just shown, of partial explanation. To continue our survey, however, up to the latest period, viz. including the Returns for 1864, we find that the deposits for 1854 amounted to 7,400,141*l.*, and the deposits for 1864 to 8,174,679*l.*, showing an increase during ten of the most prosperous years this country has known since the establishment of Savings Banks at the rate of only about eight per cent.

It is almost unnecessary to say that as regards all the material elements of prosperity the progress of the country between 1841 and 1861 was most marked. Taking England and Wales only, we find the amount deposited in Savings Banks in 1841 was 4,440,379*l.*; in 1861, the amount deposited was 7,188,034*l.* Now the population of England and Wales was in 1841 15,929,000; in 1861 it was 20,119,496. The declared value of our exports was in 1841, 51,545,116*l.*; in 1861 it had increased to the enormous sum of 125,102,814*l.*, and last year (1865) it stood at over 165 millions sterling. What the increase in the amount paid as *wages* was likely to be, we leave our readers to estimate from these sums. In nothing is the national prosperity more manifest than in the relative number of paupers in receipt of relief. Though the population increased during the twenty-two years in question several millions, the total number receiving in and out-door relief, was, in 1849 (this being the first year the return was made) 934,419; in 1861, the number was 890,423, or an actual decrease of forty-four thousand persons. Such statistics as the above might be multiplied indefinitely, especially those relating to the wonderful progress of the Money Order Office at the Post-Office, but it may suffice just to make a reference to the increase of wages during the period.^[135] Mr. David Chadwick, an eminent authority in Lancashire, states that between 1840 and 1860 the wages of the operatives employed in the different departments of the cotton trade had increased from 12 to 28 per cent.; in the silk trade the increase had been 10 per cent. In the building trade the increase throughout the country had averaged from 10 to 30 per cent.; in the iron trade from 8 to 20 per cent. It would scarcely, therefore, be too much to say that within the period, *and up to 1861*, while the price of most kinds of food had decreased, the wage for almost every description of labour had increased in at least an equal proportion.

In view of such facts, and before we attempt to describe the different plans which were produced in order to make these useful institutions once more progressive ones, let us try to ascertain why more of the money thus gained did not reach the Savings Bank. A careful examination of the Returns of Savings Banks will show beyond the possibility of doubt that the first and greatest check received by these institutions was when it became apparent that they did not possess within themselves that absolute security which they were thought almost universally to offer. We could not well exaggerate the result; this is the fountain from which all the ills have proceeded. The evil did not confine itself to the banks where the depredations had been carried on; it was not confined to the banks already established; but it extended to quarters where before there had been a manifest disposition to increase the facilities and to meet the wants of an advancing population, and this feeling was destroyed. The first effect of the frauds was, of course, to stop the deposit of money; in a smaller degree and among less educated people they even tended, as we have seen, to destroy the habit of laying by any money at all; but among all they produced a decided conviction that the financial arrangements of the system, especially with reference to the anomalous connexion between Savings Banks and the Government, were unsound.

We have several times referred to the state of the law as to the exact nature of this connexion, but it is necessary to return to it again as entering very largely into the consideration of the slow progress of Savings Banks. There can be no question that the great bulk of the British people, and not simply the lower and middle classes, imagined—up at least to the time of the great frauds of 1845-48—that Government was fully responsible for

all the money placed in Savings Banks. In 1851 we find Mr. Bright saying in Parliament: "Nine out of every ten depositors believed that they had the security of Government for whatever money they invested, and that in placing that money in the local Savings Bank they were securing it better than if they lodged it in the hands of the wealthiest private banks in the country."^[136] Mr. Hume said the same on several occasions. Mr. H. A. Herbert, an Irish member, whose name deserves to be associated very intimately with legislative attempts to put Savings Banks on a proper footing, testified over and over again to this impression being the prevailing and universal belief. General Thompson told the House in 1848 that he "was struck with profound astonishment to learn that Savings Banks were not what in common parlance was called 'as good as the bank.'" He had advised servants on numerous occasions to put their money into such banks in the belief that they had complete Government security for their money. Such expressions of opinion from men who, though they had never penetrated into the mysteries of official life, could scarcely be thought ignorant in financial questions of this kind, show how wide-spread must have been the misapprehension, and are of themselves almost a sufficient justification of the ignorance of the bulk of the poorer classes.

Nor were there wanting excellent and numerous authorities who must have contributed to this improper impression. Mr. Scratchley, in his *Practical Treatise on Savings Banks*, pp. 72-4, has taken great pains^[137] to string together a formidable list of those whom he finds inculcating the same view as that already expressed by prominent members of Parliament during debate. Suffice it to say, that when such books as McCulloch's *Commercial Dictionary*, Porter's *Progress of the Nation*, *The Quarterly Review*, *Chambers's Information for the People*, *Chambers's Magazine*, *The Penny Magazine*, and the Irish school books, laid it down that depositors had perfect security from Government for the money paid into Savings Banks, those of the class which relies to such a great extent on the intelligence of those above them may well be excused for falling into error, and may well be pitied when called upon to bear loss. Government took up the subject of Savings Banks at an early stage in their history, with the object of "protecting" them,^[138] and to that end they made it an imperative duty on the part of the trustees of these banks to deposit their money with the State; unfortunately, however, no steps were taken to enforce this provision. Here lay the fatal mistake, and the source of all the trouble. "The whole success of Savings Banks," says Mr. McCulloch in his *Statistics of the British Empire*, "depends upon the security the depositors have for their money. No one was accustomed to speak of Savings Banks without commenting on the increase in the stability of the country by giving the poorer classes a direct interest in the preservation of public credit; but it requires no great amount of penetration to see that so much entirely depends upon the fact that faith is kept with such depositors." To all intents and purposes proper faith was *not* kept by the banks, and a proper knowledge of the real amount of risk the poor were running was wrongly withheld from them: hence the undoing of a great part of the good work accomplished in the first quarter of the present century by the establishment of Savings Banks. "What was the use," indignantly asked a member of the House of Commons of the Government in 1851, "of preaching to the poor the duty of being honest, industrious, and self-dependent, if the fruits of their hard earnings were thus to be swept away?"

Ten years afterwards a more powerful voice than Mr. Herbert's asked the same question, and appealed to the country for a reply. "If ever," said the *Times* newspaper, speaking of Savings Bank money in a leading article, 17th January, 1862, "there was a sacred fund, this is one; if ever there was a class and a fund which deserved the protection of wise laws and stringent responsibilities, surely this is the class and this the fund." Says an objector: "Irregularities will creep into the management of the best of funds, and frauds are as old as the world." Says the *Times*: "How can people treat such cases as a matter of course! How can we look on while the poor commit their all to such institutions as these! It is useless to tell us that nine out of ten, or ninety-nine out of a hundred of these Savings Banks, are conducted with scrupulous care and constant supervision." Referring, then, to the recent case at Bilston, it continued, "How can the depositors of a few hoarded shillings know where the Fletchers hold sway, and where the managers do their duty? The only sound advice to give the working classes under such circumstances is, to have nothing to do with institutions *where such things can occur*." The argument was irrefutable; nor was the advice given hastily. The Postal Banks had then been introduced to the country, and the article thus winds up: "This advice would have been difficult to give some years ago; it is not so now. The Post Office Savings Banks offer an escape from danger, and at the same time remove the necessity of taxing the time and attention of philanthropic men in offices where negligence may occasion such wide-spread ruin. We confess that, in the face of such occurrences as those of Bilston, we hope the day will speedily arrive when these 531 fallible Savings Banks will all cease to exist."^[139]

We have said that the frauds in some of the Savings Banks led not only to their stoppage, but to the closing of others in the neighbourhood. Nothing can be clearer on this point than a reference to Ireland. In 1846, there were 74 Savings Banks in Ireland; in 1851, no fewer than 21 of them had ceased to exist. In 1846 there were eight in county Down; in 1851 only two remained. In county Kerry there were almost an equal number; in 1851 not one remained. Doubtless other causes besides the breaking of faith with the people led to this, partly and indirectly,—such, for example, as the failure of crops,—though still there was the fact, significant enough, that in the districts least visited by famine, and where the people were most industrious and frugal, there had been the greatest diminution of these banks.

Bearing in mind such facts, and also that it can be proved that the frauds to which Savings Banks have been so liable have led directly or indirectly to the breaking up of no less than fifty of these institutions in the United Kingdom, let us proceed to some inquiries as to how far the banks, uncertain and insecure as they were in 1861, met the requirements of the country in other respects.

Before 1861 there were in the United Kingdom 638 Savings Banks; of which 498 were in England, 33 in Wales, 51 in Scotland, 54 in Ireland, and 2 in the Channel Islands. Computing from the census of that year, there was one Savings Bank to every 43,000 inhabitants. In England, though the 498 banks were distributed through every county except one, there were many populous districts and numbers of large towns not supplied with them. Rutlandshire with its 22,983 inhabitants was the exceptional county in England: but in Scotland there were nine, and in Ireland four counties, entirely without Savings Bank accommodation. The following is a list of those thirteen counties:—

SCOTLAND.

Ayr,	with a population of		189,858
Clackmannan	" "	" "	22,951
Haddington	" "	" "	36,386
Kinross	" "	" "	8,924
Linlithgow	" "	" "	30,135
Orkney & Shetland	" "	" "	62,533
Peebles	" "	" "	10,738
Sutherland	" "	" "	25,793
Wigtown	" "	" "	43,389

IRELAND.

Carlow,	with a population of		68,078
Kerry	" "	" "	238,254
Leitrim	" "	" "	111,897
Longford	" "	" "	82,348

One of the Channel Islands, Alderney, and the Isle of Man with its three or four market towns, had likewise no Savings Bank. Thus fourteen counties and the above islands, containing an aggregate population of at least a million persons, could not count upon a single Savings Bank to assist those of that great number who were inclined to provident habits, or those who might have become so had these facilities been within reach.

So much for the counties in the length and breadth of which no bank for savings could be found. Applying the same test to towns and villages already applied to counties, we find that of places above the position of hamlets there were, in 1861, no less than 3,500 without banks; and not only so, but 150 of this number were towns of more than 10,000 inhabitants, and 500 of the places which had no Savings Bank accommodation had each one or more private or joint-stock banks.

But we have another consideration to urge here; and that is, the insufficiency in the number of Savings Banks in many counties where their extent and population required them. No one will say that Berkshire, Dorsetshire, and Cheshire required as many banks as did Middlesex, Lancashire, and Yorkshire—the vast centres of population and the busy hives of industry—and yet the facilities of which we are speaking happened to a great extent to be so arranged. In 1861 we find the relative number of the population and the depositors in Savings Banks in our English counties to vary very considerably—a difference ranging from one in eight to one in thirty-six. In the county of Berks, there was one Savings Bank for every 17,000 persons; in Dorsetshire one for 18,500 of the population. On the other hand, to take the rich and thriving county of Lancashire, which had the lowest relative number of banks, we find there was only one to every 68,000 persons, and in the West Riding of Yorkshire only one to every 66,000 persons. From a careful calculation which we have made from these and similar facts, it would appear that of the two and a half millions of persons for whom Savings Banks were specially designed, and who in 1861 were not depositors, at least half of them were the breadth of an English county distant from any place where they could place their money had they been desirous to save it, and the rest were distant from six to twenty miles from any such repository.

Nor were those who were much nearer these banks, *i.e.* the denizens of our large towns, much better circumstanced. Of the existing establishments in 1861 there was a large proportion of them open for so short a time, and at such inconvenient hours, as practically to make them closed banks to our working population. That they did little business is not to be wondered at; though we think our readers must be astonished to know that of the entire number of Savings Banks much more than half of them only received, on the average, a dozen deposits a week! Astonishing as this is, all wonder may well cease when it is found that of the whole 638 Savings Banks of the United Kingdom only twenty were open daily,

while 355 were open once a week, and fifty-four but *once a fortnight*, and ten but *once a month*! Of the remainder a considerable number were open two and three times a week, and the rest did business at various periods. Investigating the matter a little more closely still, we find that, in 1861, fifty Savings Banks were open but *four hours monthly*; 124 were open only *one hour each week*; and 150 open but *two hours per week*. In England the 498 banks were open in the aggregate 1,988 hours a week, giving an average of about four hours per week for each bank, or, if we leave the metropolitan banks out of the consideration, an average of about two hours and a half per week. Further, taking three English counties, solely chosen on account of their alphabetical order, Bedfordshire, with five Savings Banks, had seventeen and a half hours per week of Saving Bank accommodation; Berkshire, with *ten banks*, had only twenty-one hours; and Buckinghamshire, with six banks, but an aggregate of eight hours each week, during which its population could resort to the banks with their savings. After these facts, let no one wonder that the odd savings of the poor burnt holes in their pockets, and led them to resort to the "house of call" open within a stone's-throw almost at all hours.

A statement was made before the Committee of 1858, that twenty-five out of every hundred persons properly designated as of the industrial classes were debarred from saving their money, even if inclined to do so, from the want of convenient places of deposit; and the reader may, we think, with the help of the above statistics, judge whether that statement was at all an exaggerated one. "Is nothing to be said of the inherent disposition of so many of the poorer classes to spend their money, and the utter repugnance they feel to habits of frugality?" says a doubting reader. Certainly. But how do the facts bear on this matter? Let us take the returns of the four different counties already alluded to as containing relatively the largest and the smallest number of Savings Banks. In Berkshire, for every thousand persons an amount equal to 2,479*l.* was accumulated in 1856; in Dorsetshire the amount was 2,550*l.*: on the other hand, in Lancashire, which we described as most insufficiently served with banks, the amount per thousand persons was only 1,562*l.*, and in the West Riding of Yorkshire but 1,266*l.* But we will take the case of a single bank to show that the want of facilities was a most important element in the want of progress; and to make the fact still plainer, we will go to Lancashire itself. The Manchester Savings Bank has for long been one of the best managed institutions in the kingdom, whilst elsewhere there had been, as we have seen, the slowest growth, if not complete stagnation in Savings Banks generally. The depositors in the Manchester bank were nearly quadrupled in the twenty years now under consideration, and no better test is required that these depositors were of the right sort than the fact that, in 1860, 200,000*l.* lodged at Manchester belonged to persons who could not even sign their names.^[140] These facts did not fail to strike the members of the Committee of 1858, and Mr. J. Hope Nield, the eminent actuary of the Manchester Savings Bank, was asked how he accounted for the fact of this bank advancing so much more rapidly than any other. Mr. Nield succinctly replied, "Only from the constantly increasing facilities which it has been our constant endeavour to give." Mr. Nield afterwards explained the facilities to which he referred. In many banks, depositors had only a very short time for business, and then perhaps they were restricted to one kind of business for one day, another kind of business for another day. In the Manchester bank depositors could go and do any kind of business whenever it was open. There lay the distinction between "free" banks, and what were known as banks on the "restrictive principle." In a restrictive principle bank, of which there were an enormous number, withdrawals were made on one day, deposits on another; new accounts could only be opened on a certain day, additions could only be made to accounts on another certain day. Then there was the notice to be given for withdrawing money. The more "free" the bank, the less notice: generally a week was required; more often a fortnight was wanted; in many cases a month's notice had to be given. "Whenever," said Mr. Nield, "a free bank could be pitted against one on the restrictive principle, the increase in the number of depositors in the former case would be found to be four or five times as much as in the latter." This was shown in a clear light by a striking illustration—also a somewhat amusing one: "Up to 1847," said Mr. Nield, "the late Venerable Archdeacon Brooks, of Liverpool, would insist to the day of his death upon paying everything himself in the Liverpool Savings Bank, and, as a consequence, the bank was only open two days a month for the repayment of money. Deposits were completely stationary there for many years, and cases were known where persons went to the Manchester bank to open an account there, and remitted money by post."

Whilst speaking of the Committee of 1858, we may here give the opinion on this point of another gentleman, of whose career as an ardent and laborious Savings Bank reformer we shall presently speak. Referring to the absence of what he considered reasonable facilities in Savings Banks, Mr. Charles William Sikes, of Huddersfield, expressed his decided conviction that the present system "was inadequate to meet the wants and wishes of the working classes of this country." When asked (2,715) if he had made any calculation as to the extent to which the savings of the working classes might reasonably be expected to amount if the Savings Banks were thoroughly popular with them and were felt to be perfectly safe, Mr. Sikes answered: "I think that if a knowledge of Savings Banks becomes widely diffused (and the process is going on), and if the reorganization of them receives the confidence of the country, the average annual deposit, which now amounts to seven millions, is so small a proportion of the aggregate income of the working classes of this country, that instead of being, as it had been, stationary, with *scarcely a fluctuation of two per cent. for twenty years*, there will be a probable increase in the course of three or four years, or perhaps a

longer time than that, of two, three, or five millions of money;—in other words, that the annual deposit, instead of being seven millions, will get to eight, nine, or eleven millions, in ten years. The income of the working classes is fully 200 millions a year, and, with anything like provident and sensible habits, thirty millions a year might be deposited in Savings Banks.”

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And now that we have at considerable length described the defects and inequalities of the Savings Bank system, we cannot perhaps do better than offer some account, first, of different banks of a supplemental character which have been started within recent years, and afterwards speak of some of the various proposals made, out of Parliament, to render the general system more efficient.

For many years prior to their actual establishment it was felt by those best conversant with the habits and feelings of our British soldiers, that the Savings Bank institution did not meet their wants and requirements, and that supplementary banks were needed. This project was frequently urged,^[141] and in 1842 Lord Hill gave his consent to the plan of Military Savings Banks proposed by Sir James McGregor and approved by Lord Howick, the then Secretary-at-War. An Act of Parliament was obtained (5 and 6 Vict. c. 71), and immediately afterwards the authorities at the different barracks commenced operations, under regulations made by the Secretary for War. In 1847 this Act was amended. In 1849 the Regimental Benefit Societies were dissolved, and incorporated with the Military Savings Banks by a new Act; and in 1859 the whole of the Acts relating to the Savings Banks of the soldiers were consolidated into one (22 and 23 Vict. c. 20). The amount which any one in the service can deposit is unlimited, though interest is not allowed on any excess over 30*l.* in one year, except in the case of gratuities given for good conduct. When the sum of 200*l.* is reached, no further interest is paid. The interest allowed must not exceed 3*l.* 15*s.* per cent. The whole of the money raised in Regimental Savings Banks is remitted to the War Secretary, who holds an account with the National Debt Commissioners, which is kept separately from other Savings Bank accounts, being entitled “The Fund for the Military Savings Banks.” Returns of all transactions made in these banks are laid annually before Parliament. The Returns almost from their commencement have been most satisfactory, and produce sufficient evidence that these supplementary banks were required. The total amount up to this time (1865), standing to the credit of our soldiers in Military Banks alone, exceeds the sum of a quarter of a million sterling, and amounts on the average to nearly 20*l.* for each depositor. This sum, however, though large and eminently satisfactory, as indicative of providence and forethought among a class which cannot be called highly paid, does not represent the whole of their savings. It is well known that many go beyond their barracks to deposit such sums as they can spare, acting on the feeling, which may be well understood, that it is not always advisable that the authorities *should know the extent* of their savings.

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What was done for soldiers in 1842 was accomplished for seamen, another class whose interests everybody cares for, in 1854. The Act 19 and 20 Vict. c. 41, regulates Seamen's Savings Banks, established at all our principal seaports under the direction of the Board of Trade. According to this Act the Board of Trade has power to constitute any shipping office established under the Merchants' Shipping Act (1854) a branch bank under its control, and to require any shipping master belonging to that office to act as agent. The money invested in these banks is paid through the Board of Trade to the National Debt Office; and interest similar to that given by the ordinary Savings Banks is paid to those who so invest their money. As in ordinary Savings Bank management, the expenses incurred in carrying on the business through the Board of Trade (a department of which is constituted as a sort of central bank) and the shipping offices are paid by the surplus interest obtained from Government, with whom the funds are invested. As in the case of Military Banks, an annual account must be rendered to both Houses of Parliament of all transactions; but we are sorry to say that these transactions have never been large. Some forty thousand pounds represent the entire capital of the Supplementary Seamen's Banks.^[142] All who know what Jack is ashore—and who does not?—will wonder little at this result; he is universally pointed to as an embodiment of Improvidence itself: but when it is known that the machinery in question is applicable to married sailors, their wives and families, the picture of want of thrift and inclination to save presents several deplorable aspects.

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Still more useful and interesting has been the Penny Bank movement, and some account, which must necessarily be brief, will not be out of place here. Before the year 1850, there seem to have been at least four Penny Banks established with a view to attract a poorer class of depositors, or it might be a *younger* class, than the existing Savings Banks had reached; and, as “stepping-stones to greater things,” Penny Banks succeeded admirably from the very first. The first bank was started, with this very laudable object, in Greenock, in 1857, by a Mr. Scott of that town. The Greenock Savings Bank having, like all the other Savings Banks, restricted the amount which could be received to a shilling, and very few of them receiving that amount pleasantly, Mr. Scott thought that the very poor had no safe place in which to deposit their little surplus earnings. Poor people were often enough urged to “take care of the pence, and the pounds would take care of themselves;” but little had

been done to help them to care for their pennies, which proverbially and very quickly burnt holes in their pockets when they were compelled to keep them in their own possession. A bank for such sums was started in this town; and to show how much it was needed, and how ready the poor were to avail themselves of advantages when they were placed within their reach, we have only to state that 5,000 depositors in the first year of the existence of the Greenock Penny Bank, placed the sum of 1,580*l.* in it.

The success of this bank soon began to tell all around; many private establishments and charitable institutions were not long in following the example that had here been set. In the following year Mr. Queckett, a benevolent and painstaking clergyman, in the east of London, established a Penny Bank in connexion with Christ's Church, St. George's in the East, and the success attending the venture was still more encouraging and remarkable; nearly 15,000 deposits were made in this parish Penny Bank in the first year of its existence. It seems that the number of depositors, for some reason or other—probably because that number was enough for one person to control; the whole of the repayments, at any rate, passed through Mr. Queckett's own hands—was limited to 2,000; and so great was the demand, that there were always several applicants for any vacancy that might occur among the favoured two thousand. Two "Penny Banks" were next established about the same period—one at Hull, in August, 1849, and the other at Selby, in the East Riding of Yorkshire, in July of the same year. The clergymen and gentry of both towns joined together to form an institution, "which should create and foster habits of regularity and frugal economy among the poorest people, and which should afford an opportunity for the deposit and safe keeping of the smallest sums of money, repayable with interest when required." The Birmingham Penny Bank was established in 1851, and in six years from its commencement had received the enormous sum of 52,354*l.* in amounts from one penny to one pound. Many of our readers will be aware of the unfortunate end of this bank, under circumstances which, deeply to be regretted, have had a prejudicial effect on the usefulness of other banks of the same description. Were it not that a new class of banks, since established, offers considerable inducements to the poorest classes, and thus supersedes, though only to a limited extent, the necessity even for Penny Banks, such an effect could not but have been considered irremediable, as well as most deplorable. Of the remaining Penny Banks, the principal ones in England are those of York, ^[143] established in 1854, and excellently managed throughout, and very successful in attracting depositors; the Halifax bank, commenced in 1856, and equally successful; the Derby bank, established in 1857, under the auspices of the Rev. J. E. Clarke, one of the most earnest of the promoters of the principles of Penny Banks; and the Southampton and Plymouth banks, established in 1858. There are no means of obtaining statistics as to the number of Penny Banks in existence, but there cannot be less than eighty or ninety in English towns alone. Over and above the regular public Penny Banks, however, there are an enormous number connected with and doing an incalculable amount of good in private establishments, ragged and other schools, and different religious bodies.

In Scotland the movement has progressed even more rapidly than in England. Dr. Chalmers always held, and often urged during his lifetime, that far too little was done to tempt the poor, and especially the families of working people, to save their little surplus cash: in commencing his "Territorial Savings Banks," as he called them, in Edinburgh, he was actuated by exactly the same view and the same spirit which afterwards influenced the promoters of Penny Banks. The Penny Bank system flourishes in Glasgow to an extent unknown in any other neighbourhood. In and around that city there were, at the close of 1864, no fewer than sixty-eight Penny Banks in active operation, all of which deposited with the Savings Bank of that place. The total amount of deposits in these sixty-eight banks during the year 1864 was 9,386*l.*, and withdrawals to about half that amount. The number of depositors exceeds, at the present time, 24,000.

That these auxiliary banks are effecting a great amount of good can well be believed. "The saving of pence," says the report from which these extremely interesting facts are taken, "proves a training to habits whereby ultimately larger sums are saved, and the virtues of industry and providence are cultivated and confirmed," and there cannot exist a doubt on the matter. The principles upon which they and all other banks of the kind were started, and have been throughout conducted, make them peculiarly institutions of a preliminary character for the poorer class of workmen; emphatically they are, as they have been called, "the poor man's purse." In their operations they are so simple, that few could possibly get perplexed in dealing with them; and they are best adapted to working populations, because they are open at such hours, generally on Saturday nights, as are known to suit these classes. As the most salutary change is made in a man's habit, perhaps in his character, when he *begins* to save, the Penny Bank deserves every countenance and encouragement. ^[144]

It only remains to add, that the Legislature took the matter up in August, 1859, when it passed the Act 22 and 23 Vict. c. 53, legalizing, as it were, these institutions, by enabling them to invest the whole of their proceeds in Savings Banks.

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Much that remains to be told of Savings Bank reforms, and of other proposals to supplement the system by fresh provisions, may be told in connexion with the life of a gentleman to whom reference has already been made. Amongst those who have devoted much time and immense labour to bring about a better state of things in Savings Banks, the foremost place

is undoubtedly due to Mr. Charles William Sikes, of Huddersfield. Mr. Sikes, the son of a private banker of that town, was born in 1818. We will pass over his early years, only remarking that he received a commercial education, and, in 1833, entered the employ of the Huddersfield Banking Company, the third or fourth joint stock bank established in this country. Subsequently cashier, Mr. Sikes now holds the position of deputy manager of the bank in question. We mention this, because it has an immediate bearing on the subject: it was while Mr. Sikes was cashier of this bank,—which, like other private banks, received deposits above 10*l.*, and allowed interest at the current rate,—that his attention was arrested to the question of banks for the people. He witnessed a considerable number of instances of workmen, who, beginning with a few pounds, had silently amassed what was to them a little fortune, of one, two, and even three hundred pounds; and he became deeply impressed, as he himself informs us, not only with the idea that the number of these provident working people was far less than it ought to be, or might be, but that the social and domestic results for good that would ensue would be absolutely incalculable, if bank depositors among the working classes became the rule, instead of the rare exception. About this time—the era of the Free Trade agitation—there was great distress in the manufacturing districts, and Huddersfield, like the rest of the West Riding towns, was heavily visited. In the neighbourhood where Mr. Sikes resided, the population was chiefly engaged in the weaving of fancy waistcoatings, and that trade was almost suspended. “Privation and suffering,” says Mr. Sikes, “prevailed on every hand, and was frequently borne with silent and noble heroism.” He seems to have entered freely into discussion with working men as to the various remedies for such a state of things, and in this practical way to have penetrated into their thoughts, and to have got at their wants, wishes, and feelings. And for such objects as Mr. Sikes had in view, the end amply justified the means. There seemed to him only one remedy, to which they might possibly be assisted, but which they themselves must adopt; whatever was suggested, Mr. Sikes's thoughts would always recur to the comparative comfort of those who had to some extent lived for the future—who had had the wisdom in their better times to remember that rainy days must come at some time or other; that

"Into each life some rain must fall,
Some days must be dark and dreary;"

and that the difference between those who had a little store laid by and those who had none, was the difference between hopeful expectancy and comfort, and helpless misery and want.

Mr. Sikes tells us that he had already begun to feel, that though much might be done for the working classes by kindly and temperate advice, the greatest share of the work of their social elevation would have to be achieved by their own individual efforts; this feeling, moreover, was strongly confirmed by reading a passage in the late Bishop of Chester's (Archbishop Sumner's) *Records of Creation*: “The only true secret of assisting the poor is to make them agents in bettering their own condition;” and on this maxim, as a principle, he resolved solely to act. Mr. Sikes came to the conclusion that his work might well lay in endeavouring to stimulate the poor to more provident habits; and that, if there was anything in the constitution of such societies as were formed expressly to foster these habits which stood in the way of the poor man, the obstacles ought either to be quickly removed, or some new organization must be planned to effect this purpose. Though Mr. Sikes never seems to have had anything to do with the Huddersfield Savings Bank—having abstained, through motives of delicacy, owing to his connexion with an ordinary bank in the same town—he was thoroughly conversant with the system, and therefore fully appreciated the difficulties in the way. He was not long in finding out how utterly impossible it was to adapt the system, as it then stood, to the well-known wants and requirements of the workman; and he early turned his attention to some auxiliary machinery which he thought would meet the case of the younger people, if of no other. He truly held, that if he could do anything to inculcate the growth of frugality in young people, their habits would increase with their years and grow, in spite of the many inconveniences, amounting as they did to absolute discouragements, which they might meet with afterwards in their connexion with the majority of the old class of Savings Banks.

With this end in view, Mr. Sikes addressed a long letter to the editor of the *Leeds Mercury*, in 1850, which was subsequently republished in the form of a pamphlet, and widely circulated, recommending the formation of what he called “Preliminary Savings Banks.” There was nothing particularly new in the character of the banks proposed; the novelty was in their adaptation to the machinery of Mechanics' Institutions. Mr. Sikes took up the Penny Bank movement, and showed, with an energy and devotion to the subject which made his exertions quite impressive, how, by the already existing institute, that useful scheme for saving small sums might be propagated far and wide. His proposal, to give it in brief, was, that a few leading members of each Mechanics' Institute should form themselves into a “Savings Bank Committee,” attending, say, an evening weekly, in one of the class-rooms, to receive the trifling deposits of any member who should choose to “transact a little business” with them. They would only have to appoint a treasurer, provide a few inexpensive books, and with the exercise of just a little patience and self-denial they might succeed in bringing many round to saving habits. The excellent organisation, especially in Lancashire and Yorkshire, of Mechanics' Institutes, would thus wonderfully augment the number of agencies for receiving the savings of the people, and they would thus augment the number most where more facilities were most needed. The “Preliminary” banks were meant to be merely

feeders to the larger banks: so soon as the money of any one depositor reached a guinea, or two guineas, the sum was to be paid into the nearest Government bank, as often as necessary. "If the committee of each institution," concluded Mr. Sikes, in his very interesting letter, "were to adopt this course, taking an interest in their humble circumstances, and in a sympathising and friendly spirit, suggest, invite, nay win them over, not only to reading the lesson, but forming the habit of true economy and self-reliance, how cheering would be the result! Once established in better habits, their feet firmly set in the path of self-reliance, how generally would young men grow up with the practical conviction that to their own advancing intelligence and virtues must they mainly look to work out their own social welfare!" It is very satisfactory to find that this advice and such considerations had their proper weight with the committees of many of these institutions: Penny Banks were added to their other educational and social schemes; and Mr. Sikes was further encouraged by the Committee of the Yorkshire Union of Mechanics' Institutes, who more than once alluded to his proposals, and expressed their cordial approval of his plan, and their pleasure that it had been adopted in several places included in their sphere of operations. In the country generally the proposals attracted for some time considerable attention, and led to Mr. Sikes being largely consulted by gentlemen who were desirous of establishing "feeders" to the existing Savings Banks, either in the form of the Penny Bank, or the Mechanics' Institute "Preliminary" bank. He soon came to be regarded as an authority on the subject, and justly so; many different banks were at this early stage formed as the results of his advice and assistance, and Mr. Sikes seems to have had many gratifying assurances that his labours have been far from fruitless, a result in which the philanthropist finds his best reward.^[145]

Mr. Sikes's next exertion on behalf of the working population around him was to help them to a proper estimate of the value of provident habits, by the publication, in 1854, of a pamphlet entitled *Good Times; or, the Savings Bank and the Fireside*;^[146] an admirable little manual for the class for which it was written, and which deservedly obtained a large sale. Mr. Sikes himself described how he was led to write his pamphlet by hearing, in an extensive intercourse with working men, the most crude ideas as to the utility and virtue of habits of economy and frugality; and we know no better corrective than a perusal of this little "compendium of practical wisdom" now before us.

Up to this time we find that Mr. Sikes laboured very earnestly to spread the knowledge of Savings Banks among the people, and to obtain more appreciation for these institutions. He also, as we have seen, proposed his "Preliminary Banks" on the principle that, as the existing institution did not sufficiently recognise the small attempts at saving habits, this supplementary class of banks would supply the deficiency. He seems, however, to have carefully abstained from saying anything that would tend to lessen the influence or usefulness of the existing Savings Banks; but in 1855, the time would appear to have arrived when it became necessary to attempt some reforms in their constitution and management. It is not at all difficult to comprehend the steps by which Mr. Sikes, with his practical knowledge of Savings Bank business, would arrive at the conclusion that if these banks were to continue to be in any sense the depositories of the money of the poor, they must undergo almost a transformation, and further, that reform must come from within. That this was the conclusion to which he came is evident from the able and exhaustive letter which Mr. Sikes addressed, in 1856, to the Chancellor of the Exchequer, the late Sir G. Cornwall Lewis, on "Savings Bank Reforms."

Mr. Sikes first sought an interview with Sir George C. Lewis, and obtained one, in company with Mr. Wickham, M.P.; and the letter which followed was the result of a request on the part of the Chancellor of the Exchequer, that the different points should be fully and clearly set before him. So far as we have been able to find, Mr. Sikes deserves the credit of having been the first to point out the inherent defects in all parts of the Savings Bank system, and the first to suggest an entirely fresh form of management.^[147] Almost all the previous *brochures* relating to Savings Banks had exclusive reference to the matter of the frauds which had occurred, and the security which depositors possessed in such cases. On this subject, Dr. Hancock, of Dublin, had published two very able pamphlets, which had originally been read as papers before the Dublin Statistical Society, of which Dr. Hancock was secretary. Mr. Edward Taylor of Rochdale had, at a still prior period, written a pamphlet on the same subject. Mr. Sikes, in the *Letter* we are now considering, adverted at length to the same point, but by no means confined his attention to it. He, on the contrary, dwelt on the dormant state into which many of the banks had sunk; the extremely unequal way in which they were furnished to the people; the limited time for which the majority of banks were open; the various rates of interest allowed; the inequalities in the contributions to the "separate surplus fund;" the non-establishment, for many years, of new Savings Banks; and generally, the unsatisfactory state of the law with regard to them.

Mr. Sikes, after thus recapitulating in his able pamphlet the imperfections in the organization and management of Savings Banks, advocated the following improvements, viz.:—That the State should give a perfect guarantee; that there should be a central bank in London to control the whole system, in the same way that the central Money Order Office controlled all money-order operations at the Post Office; that there should be a vigilant and general audit of all accounts; that there should be a great extension of the hours during which Savings Banks were open; a great increase in the number of such banks—the services of private and joint-stock banks to be called into requisition in cases where such

arrangement was likely to prove economical and advantageous; that there should be an increase in the facilities for the deposit and withdrawal of money; that one-fourth of the capital of Savings Banks should be employed in first-class landed securities and railway mortgage bonds, yielding four per cent. Mr. Sikes further proposed that the rate of interest on sums up to 100*l.* should be three per cent., and two and a half per cent. on all sums beyond. Mr. Sikes felt the difficulty of providing that essential Government guarantee for every deposit, without which any reform in Savings Banks was scarcely worth the name; but he strongly insisted on the point that if a Savings Bank department was established in London, which should, on its part, insist upon weekly returns, a good and uniform system of book-keeping, and a liability to unannounced visits by inspectors from the London office, the entire staff of Savings Bank officials in the country might, to a great extent, be kept honest. Bearing in mind, however, that errors and losses would occur to the best regulated department, he further proposed that the treasury might be made safe by the establishment of a "General Guarantee Fund,"^[148] to which contributions should be made from the "Separate Surplus Fund." These suggestions, if carried out, Mr. Sikes believed would help to form the basis of a system that would restore Savings Banks to the estimation in which they were held during the first twenty years of their existence; and there can be no doubt of it. The difficulty was, however, in getting such recommendations adopted—either because the then Chancellor of the Exchequer (Sir G. C. Lewis) did not bring his extraordinary powers to bear upon the subject, or else there was still something lacking to give a more practical turn to the questions at issue. As subsequent events have proved, it is more likely to have been for the latter reason that the matter was not persevered in.

Everything that an ingenious marshalling of figures, an array of argument, and even eloquence could do, Mr. Sikes did; but all appears to have been equally unavailing. The Chancellor of the Exchequer made attempts, as we have before seen, in the House of Commons, to improve the organization of Savings Banks, but without success.

When the Committee on Savings Banks was appointed, in 1858, Mr. Sikes was called as a witness. He again described the plans which he had suggested in 1856, and which had undergone little or no modification since that time, and urged the adoption of some of them,—with what success is already known. And here it will be best to dispose of the Committee of 1858, and to show how little it effected, and how little it was calculated to effect. So far as the providing of additional and much required facilities was concerned, it is necessary to describe with minuteness the Committee's deliberations. The Report itself, to which the Committee put their names, has been given. It provided, as our readers will remember, for a new Government management of Savings Banks, advised that increased power should be given to the Commission, and provided actual security for the deposits. This Report was not acted upon; but even had it been, the reform would only have been partial. So far as relates to the increase of facilities, it left the question almost untouched. Indeed, with the conflicting evidence given, the Committee acted wisely in confining their labours to the rectification of existing abuses, and in making as perfect as possible, without increasing, the existing accommodation. The witnesses examined before the Committee were by far the most prominent authorities on Savings Bank management in the kingdom, and yet on no single point could they all agree. This is, we think, no unimportant phase of the subject; on the contrary, it is highly important, as showing how very little could be effected for the body of Savings Banks in the absence of any thing like unanimity amongst those who best understood the subject. On the question of Government security and Government supervision, we have already spoken. With regard to the necessity for a uniform system of management, and of course a uniform system of accounts, there was certainly an appearance of general agreement; but little attempt to bring it about. *Mr. Hope Nield* "thought it would be very advisable to assimilate the practice of the different banks more than at present exists (1,895)." *Mr. Maitland* and *Mr. Wortley* would like uniformity, and would give the Commissioners power to enforce it; "nothing less would remedy the loose system of so many of the banks." "The system of keeping the books," said *Mr. Craig*, of Cork, "in some of the country banks, is most abominable. I speak of the vast majority of banks; some are exceedingly well managed; but I say, that from the way they make out their accounts for the National Debt Office, not one in ten is honestly or fairly made out (3,759)." Had the Committee deliberated upon a uniform system, which they did not, for all the banks, and had they decided—(a very difficult matter, seeing that each of the seven largest banks in the kingdom had different systems of book-keeping)—to recommend some one system, the difficulty would only be half over. Each Savings Bank was independent, and completely irresponsible to any one in such matters as these; but supposing, which was very unlikely, that the trustees could be got to look upon the matter with favour, all would not yet be smooth sailing. The difficulty of introducing real improvements into Saving Bank management was more than once spoken of and illustrated. Thus, *Mr. Boodle* told how he encountered great opposition from his own subordinates, in introducing something new into the excellent establishment at St. Martin's Lane. For six months after he started a new system of book-keeping, a conspiracy lasted among the clerks to prevent any change; wilful mistakes were constantly made, to show that the work under any new system could not be done; and this continued till a great number of clerks were dismissed, and new officials appointed in their place. Much to the same point was the evidence of *Mr. Craig*, who described in a vigorous and amusing way, which must have done much to relieve the tedium and heaviness of the investigation, the introduction of his system into the Cork bank, and the necessity for it:—

"I saw at once," said he, "that there was nothing for it but sweeping every book out of the bank, and I did so. They (the trustees) gave me authority to do what I liked, and I did. It was all done by me without any interference; and I managed it in such a way that if the clerks stuck in the middle of it they would have lost their salaries; they had either to go on with it, or stick fast. I went there myself, with a Mr. Ballard on the opposite side of me, and a manager with each, determined to start them fairly. I remained there for a month. I saw that the clerks were very anxious that it should miscarry. I immediately saw what they were about; I observed that all the books were coming to my side, and few to the other; they thought to smother me with books. The moment I saw this, I said to little Mr. Abel (who is now dead), 'Do not chatter; work away; they are playing a trick upon us.' We dashed through the work; and, one of the book-keepers coming down after he thought he had well supplied us with a wheelbarrowful of books, expecting to find them all in arrear, I said to him: 'Why the deuce don't you send us books!' When they found they were all done, that stopped all further opposition; and thus I taught them to do it, just as you would teach a puppy to swim—if you tumble him into the water, never fear that he will get out."

Granting that Savings Bank clerks may be subdued after Mr. Craig's or some other fashion, it would still appear that the indispensable requisites to a complete uniformity of accounts must be something like uniformity in the distinctive principles and practices of Savings Banks. We refer to such matters as the limitation in the amount of deposits, the rate of interest, notices of withdrawal, &c. The question of the limit of deposits was discussed before the Committee. *Mr. Meikle* and *Mr. Sturrock* objected to any alteration in the limit of deposits which for many years had stood at 30*l.* for any one year, and 150*l.* in all. *Mr. Boodle* thought the annual limit should be increased to 50*l.*, and the total deposits to 250*l.* *Mr. Finney* wished it to be at 50*l.* and 200*l.* respectively. *Mr. Saintsbury* and *Mr. Maitland* agreed with *Mr. Boodle*, provided the rate of interest were reduced, and there were ready access to the public funds. Then as to the rate of interest itself, *Mr. Maitland* said that the highest rate of interest that can safely be offered should be given for small savings, "though," he said, "lowering the rate would bring Savings Banks back more to what they were intended to be." He also thought the rate should vary according to the market rate of interest. *Mr. Boodle* objected to a fluctuating rate. *Mr. Meikle* was of opinion that a fixed rate of three per cent. should be given. *Mr. Craig* said a rate of 2*l.* 17*s.* or 2*l.* 18*s.* was satisfactory to depositors. *Mr. Wortley* thought three per cent. a fair rate of interest. *Mr. C. W. Sikes* suggested that the interest to depositors should be three per cent. on sums up to 100*l.*, and two per cent. over that sum. He thought a low rate of interest would not deter the working man from Savings Banks. If we turn from this theorizing to what was the practice of different Savings Banks in this and other particulars, we shall find diversities of operation which not only account for so much difference of opinion, but which rendered unanimity of action almost impossible. It was then, and is still, a very popular notion, that the Savings Banks proper pay a uniform rate of interest of three per cent. per annum; nothing can be more mistaken. When the enactment was passed establishing the still existing rate, it was generally considered in Parliament that five shillings per cent. was ample enough to pay all expenses of management; but the fact is, double that amount has not sufficed in some cases. In 1857 there were, according to a Parliamentary Return, no less than thirty-two different rates of interest paid by Savings Banks managers, and had the Return embraced a much more recent period the same diversity would have been shown. Thus, in that year—

		£	s.	d.			
31 banks paid interest to depositors at the maxm rate of		3	0	10	per cent.		
107	"			3	0	0	"
215	"			2	18	4	"
11	"			2	13	6	"
24	"			2	17	1	"
12	"			2	16	8	"
78	"			2	15	6½	"
35	"			2	15	0	"
2	"			2	10	0	"

added to which smaller numbers paid other rates, making thirty-two separate rates.^[149] In accordance with the above table the average cost of management per cent. was, in 1857,—in Scotland 7*s.* 8*d.*, in Ireland 9*s.*, and in England 6*s.* 7*d.*; in Middlesex, however, it was as much as 9*s.* 2*d.* Confining ourselves to individual banks, we find that the Manchester Savings Bank cost at the same period, in expenses, an average sum of 1*s.* 3¾*d.* per account, the Bloomfield bank 1*s.* 9*d.*, the St. Martin's Place 2*s.* 0-½*d.*, the Liverpool bank 2*s.* 5¼*d.*, and the Cork bank 3*s.* 2*d.* per account.

The greatest expense was shown to be incurred in those banks which dealt largely in small accounts; hence some of the actuaries openly sought to discourage the taking of small sums. *Mr. Meikle* thought it was the interest of the banks rather to discourage small depositors and encourage large ones. *Mr. Finney* showed that they *were* discouraged at the Marylebone bank, where a less interest was given to small amounts. *Mr. Craig*, however,

went to great lengths on this point, and grounded his opinions on such facts as the following (3,752):—"The average cost of a transaction that enters a bank is more than a shilling; there is not a transaction entered in any Savings Bank that does not cost a shilling and a fraction. Now, if you allow a man to deposit a shilling, which costs the bank a shilling, it comes to this, that the manager might as well say to him, 'There is a shilling for you; pray do not come here again.' The Committee are about seeing whether Government can or not safely undertake to make itself responsible for the transactions of 600 Savings Banks scattered all over the country. If so, they must only take such sums and in such ways as will be safe for the public. It will not do to allow people's sympathies to run away with them by the mere clap-trap of saying, 'We will take a shilling.' I say that to take these small sums, instead of being a benefit to the people, is merely encouraging them to waste their time." We need not here go out of our way to expose the fallacy of such an argument, further than to point out how entirely Mr. Craig overlooked the fact that he had previously advocated a system of uniformity of accounts, which would have made this and other reforms practicable. What was required of the Committee before which he gave evidence, was, the suggestion of such a change in the nature of the institution as that this shilling's worth of thrift should not be sent about its business in the very summary manner so graphically described by this gentleman. That the Savings Banks should give such rude discouragements to the budding of provident habits was nothing short of a defect; that it was perfectly possible as well as expedient to offer encouragements to the poorest classes has since been abundantly proved, as we shall soon have to show.

We have referred to the varying notices for the withdrawal of money required by different banks; some required a week, some a month, while in the great majority of banks a fortnight was required. *Mr. Meikle* expressed himself strongly opposed to the English system of giving notice: he said, the Scotch banks required no notice at all, though they held a discretionary power in certain instances. *Mr. Saintsbury* urged "a reasonable period." *Mr. Wortley* thought the notice was a protection against Savings Banks being used for other purposes than for accumulating savings. *Mr. Sikes* strongly recommended that deposits should not be repayable "except after sufficient notice," the extent of which neither he nor Mr. Saintsbury ventured to state.

Once more the attention of the Committee was called to the necessity of opening out new banks in localities not well supplied with them. No one, however, was prepared with any scheme for giving extra facilities of this kind, and those hints which were thrown out by members of the Committee themselves were either not taken up, or if noticed, only in such a way as to attest the difficulty, rather than the ease or expediency with which any movement towards this end would be attended. *Mr. Wortley* said small banks were exceedingly unsafe; branch banks under the cognizance of a head office *might* answer. *Mr. Meikle* agreed, and said that at first new banks were seldom self-supporting. *Mr. Nield* said it would be impossible that the agency system of Exeter (the only scheme recommended) could be introduced into Lancashire; the branch banks under the Manchester Savings Bank could not support themselves except they had gratuitous service.

Finally, we think the difference of opinion and the diversities of operation in the larger and best managed banks^[150] of the kingdom could not be better shown than by the following Return.^[151] If anything could demonstrate the want of some uniform and inexpensive system of Savings Banks, we think a careful examination of the inequalities of every sort shown there might have that effect.

Thus we have, we hope, succeeded in showing that at the stage to which we have arrived (and, indeed, much later,) the existing Savings Bank system, as a system, laboured under three or four essential and almost incurable and irremovable defects: 1, They professed and were expected to give a Government guarantee for all the money deposited with them, and yet they did not. The real distinction in the matter, to which we need only allude, was and is well enough understood by educated people; but it was not, we may almost say cannot, be mastered by the poor who were depositors. A depositor paying in his money to the Savings Bank had no means of knowing what was done with it. 2, The country was most inadequately and most disproportionately supplied with banks, and the facilities given by existing banks were also most inadequate and disproportionate. Farther, and most important, the number could not be increased on the same footing, and no attempt was made to increase the number. Such increase presupposed a certain amount of local philanthropy and even assuming that this sort of philanthropy is an unmixed good, an adequate provision of Savings Banks presupposes an equal amount of philanthropic zeal in every quarter of the country. And 3, Savings Banks were a serious loss to the country. "Taking the average price," said Sir A. Spearman, "of Government Securities for each year since 1817, the only years in which prices appear to have been such as to produce a rate of interest equal to that paid were 1847 and 1848." Government, in relation to Savings Bank money, had necessarily to invest when money was most plentiful, and therefore when securities were dear, and to sell out when they were cheap. To make up for such loss, it is true, Government took to using Savings Bank money to aid it in its own financial operations, to save borrowing or to postpone borrowing; but though care was always had to keep a sufficient banking reserve in an available shape, this set-off was not allowed, as we have already seen, without many complaints on the part of the managers of Savings Banks.

ANNUAL EXPENSES.

Name of Bank	Total Amount owing to Depositors.	Number of Depositors.	Per Account.	Per Cent. of Capital.	TOTAL.
	£		s. d.	s. d.	
St. Martin's Place	1,780,725	61,736	1 5½	5 11	5,380
Manchester	1,306,329	50,231	1 3	5 3	3,206
Exeter	1,087,773	40,776	1 6	4 11	2,702
Bishopsgate	1,032,513	53,737	1 6	7 4	3,830
Glasgow	927,427	42,122	1 2	5 6	2,595
Liverpool	872,253	29,123	2 2	5 3	2,359
Bloomsbury	583,453	23,524	1 11	7 9	2,283
Edinburgh	566,076	30,426	1 8	9 0	2,558
Birmingham	563,870	31,238	1 3	6 8	1,908
Marylebone	395,561	23,024	1 9	11 1	2,212
	Average Amount of Deposit.	Rate of Interest paid to Depositor.			
	£ s. d.	£ s. d.			
St. Martin's Place	6 2 1	2 18 1			
Manchester	4 5 5	3 0 0			
Exeter	5 1 9	3 0 0			
Bishopsgate	4 3 8	2 17 6			
Glasgow	3 3 1	3 0 0			
Liverpool	9 4 7	3 0 0			
Bloomsbury	4 6 9	2 18 4			
Edinburgh	3 5 5	2 17 9			
Birmingham	4 0 3	3 0 0			
		2 17 4			
Marylebone	4 0 3	2 15 0			

[134] Compiled from Returns presented by the Statistical Department of the Board of Trade.

[135] It is very difficult to obtain correct and complete statistics on this subject. It is to be regretted that a valuable suggestion which Dr. Farr made before the last Census was not acted upon. He recommended that facts connected with the rate of wages should be collected during the Census. Had it been attended to, much might have been stated here with precision which will only admit of approximation.

[136] Subsequently Mr. Bright went the length of saying, that Savings Banks were "nothing less than traps for the people who subscribed to them. There was a universal belief that Government was responsible."

[137] Since writing the above, it is only fair to say, that we find this writer has taken no pains at all over the matter, but has simply benefited by the industry of another, without in any way acknowledging his obligations. Mr. Edward Taylor of Rochdale, in a pamphlet now before us, published several years before Mr. Scratchley's book, entitled "Savings Bank: ought Government to make good past losses in Savings Banks?" supplies the whole of the quotations given, and even the setting for them.

[138] The preamble of the first Act (Act 57 George III. c. 130, 1817) runs thus: "Whereas certain Provident Institutions or Banks for Savings have been established in England, for the safe custody and increase of small savings belonging to the industrious classes; and it is expedient *to give protection to such institutions, and the funds established thereby,*" &c. &c. The preamble of the Act of 1828 runs exactly to the same effect.

[139] Much to the same purpose a well-known writer in the *London Review* says: "As long as Savings Banks are Savings Banks, based, on the one hand, on the confidence of the poor, and, on the other, on the benevolence of the local clergy and gentry, acting as trustees and managers without fee and reward, and therefore without such bounden obligations as men can be called to account upon, so long will frauds periodically arise, opening up great gulfs of deficits, strewing thorns upon the pillows of the poor, and driving sharp pangs of despair into their hearts." Dr. Hancock, in one of his admirable pamphlets, alluding to the system of checks relied on by the managers of many banks, says: "It is impossible, in the nature of things, to devise a perfect system of checks. So long as the work has to be done by human agency there must always be some risk. To secure the performance of actions by human agents, three forces commonly operate: 1, A more sense of duty; 2, A fear of large pecuniary loss from liability, in case of the non-performance of duty; and 3, A fear of judicial punishment, if non-performance be made a penal offence. The limit placed on the liability of the managers effectually took away or reduced to a minimum the fear of loss and of punishment, and the divided responsibility there has always been between

Government and the trustees, by weakening the sense of duty, did the rest.”

[140] The case of the Edinburgh Savings Bank, another excellently managed institution, is still more to the point, where unusual facilities produced an unusual amount of depositors and deposits.

[141] According to an excellent authority, Mr. Smiles, to whose admirable article in the *Quarterly Review* (Oct. 1859) we are indebted for some of our particulars of the history of this movement, it would appear that the first proposal for Regimental Savings Banks was made in 1816 by Paymaster Fairfowl, but allowed to drop; it was taken up again in 1827, when Colonel Oglander, commanding a regiment of Cameronians, brought the project under the notice of the Duke of Wellington. The Duke could not see any benefit to be derived from the proposal, and wrote the following characteristic memorandum upon the papers: “There is nothing that I know of to prevent a soldier, equally with others of his Majesty's subjects, from investing his money in Savings Banks. If there be any impediment, it should be taken away; but I doubt the expediency of going further.” He added something further, however, which, also eminently characteristic, opened up a new feature in the case, and closed the door to such proposals till after the Duke had left the service. “Has a soldier,” continued he, “more pay than he requires? If he has, it should be lowered, not to those now in the service, but to those enlisted hereafter.” Colonel Oglander had no idea that the soldier should have less than his “thirteen pence a day, and a penny beer money,” and therefore suffered his proposals to be simply negated.

[142] The deposits in Seamen's Savings Banks—

In 1861	were	£17,112,	and	withdrawals	£12,681
1862	"	17,089	"	"	15,343
1863	"	17,098	"	"	14,090

[143] To the Honorary Secretary of this bank, Mr. W. W. Morrell, we are greatly indebted for much information on the Penny Bank movement; and, as an ardent Savings Bank reformer, for much information on our subject generally.

[144] Any of our readers who may desire fuller information on the subject of Penny Banks, or particulars as to their management—information which we should have been glad to have furnished, had our space permitted—could not do better than get an admirable little pamphlet on “Penny Banks,” by the Rev. J. E. Clarke, of Derby. (Bell and Daldy, 1859.) Mr. Smiles, in his *Workmen's Earnings, Strikes, and Savings*, also devotes a short chapter to describing, in his usually effective way, their results on the provident poor.

[145] The first Preliminary Savings Bank in Scotland was started at Annan, in Dumfriesshire, and Mr. Sikes was consulted about it. A correspondent writing to Mr. Sikes a few years ago, says: “It may gratify you to know that I some time since met with the Rev. James Mackenzie of Dunfermline, formerly of Annan, who told me that he had ten Penny Banks at work at Dunfermline! I believe the Annan one was father to them all, and you to the Annan one, so that your family is spreading rapidly, and becoming a great multitude throughout the entire kingdom!”

[146] Groombridge & Co. London.

[147] Reference is due to another gentleman, Mr. Maitland, actuary and subsequently treasurer of the Edinburgh Savings Bank, who now seems to have urged, even before Mr. Sikes did so, English Savings Bank managers to give to depositors more of the facilities granted by Savings Banks in Scotland. Speaking of 1843-5, Mr. Maitland says, “I met with no sympathy when I urged the duty of cultivating the small deposits of the *really* labouring classes. I was bitterly opposed in my advocacy of giving more hours weekly to the public, and was deemed almost *mad* when I insisted that we should all pay on demand, *at all events* sums under 10*l.*”—*Letter from Mr. Maitland to Mr. Sikes*, February, 1857.

[148] This proposition was revised in 1862 by Mr. Scratchley in the last edition of his *Practical Treatise*, but without in any way mentioning the name of Mr. Sikes as the original suggestor of the plan.

[149] The Marylebone bank up to 1860 only allowed two per cent. on sums below 30*l.*, but this arrangement has since been modified.

[150] So well managed indeed, that we hope it may be long before they are superseded, however desirable it may be that bulk of the existing Savings Banks should become merged in a better system.

[151] See next page.

CHAPTER VIII.

ON PROPOSALS FOR GOVERNMENT SAVINGS BANKS.

"I do not imagine that there can be any more important end and object of a State than to encourage frugality, and the investment of the savings of the poor, and nothing in which I should be more tempted to step out of my way to encourage, if I were a legislator; but I think the great test and object of whatever investment I provide specially for them, must be extreme and perfect certainty, and great facility of conversion.... Increase in amount of interest or profit, is as nothing compared to security."—MR. H. BELLENDEN KER.

FOR reasons which we have adduced at great length in the last chapter, the feeling grew that a sweeping change would require to be made in the institution of Savings Banks. Supplementary banks of different kinds were established, and they met in great part the object for which they were designed; meanwhile, the great majority of Savings Banks took no steps to provide more conveniences for the public, or they were powerless to effect them. ^[152] When reasonable changes were resisted between 1850 and 1860, it occurred to several that agencies might be contrived to do the same work after a different fashion, and that this project should be carried out, even were the ultimate result to diminish the usefulness of most of the older banks, or gradually to set them aside. It is to proposals having the former object in view that we must now turn.

It is not a little curious that long before Savings Banks were legalized by Act of Parliament, and even before Dr. Duncan began his earnest and self-denying efforts to establish them on a safe footing, at least two different efforts were made to promote the growth of provident habits by a system of Savings Banks which should extend throughout the entire country. We refer to Jeremy Bentham's scheme of "Frugality Banks," and Mr. Whitbread's "Poor Fund and Assurance Office."

The plan of the former is detailed in Bentham's works; the latter scheme, partly described in an earlier portion of this volume (pages 23-4) was submitted to Parliament in 1807, and a bill,—a full Abstract of which will be found in the *Appendix*,—founded upon it, actually passed the House in some of its earlier stages. Some of the provisions of this bill were admirable; and some, owing to the state of the Post Office of that time, would not have been so easily worked through that department as was intended. As it was, the country preferred the class of banks just then rising into notice; and in 1817 the Legislature forgetting Mr. Whitbread's scheme, gave its sanction and countenance to the banks which had been established on purely benevolent principles, and which were totally independent of each other. In the course of years, that system having been tried in every possible way without producing the safety and convenience so much desired in institutions of this sort, the principle of a uniform plan of banks in connexion with the Post Office advocated by Mr. Whitbread again came up, the story of the proposals for and the introduction of which we are about to tell.

Previously, however, we ought not to omit, for several reasons, to give the outline of the scheme proposed by Bentham even before Mr. Whitbread's proposals. The reader will perceive how thoroughly conversant the philosopher was with the every-day habits of the poor, and how completely he understood their wants and requirements, and sought to provide for them. It is only necessary to add that Bentham advocated this plan as one of many measures of pauper management; that the scheme was to be generally applied throughout the country, and to be taken up and worked by means of a company; the place where the banks should be held to be called "'Industry Houses,' in contradistinction to the 'Public Houses' of friendly Societies." "Should this not be enough," says Bentham, "the vestry room of each place of worship presents an office as near, and the clerk an officer or sub-agent as suitable, as can be desired."^[153] After fully going into the hindrances to the spread of saving habits among the poor around him, and the difficulties incident to the laying up and improvement of their surplus moneys,—hindrances and difficulties which had not yet all been surmounted,—he gives the following comprehensive and exhaustive list, which shows how thoroughly he would have mastered the obstacles of a more recent period:—

"Properties to be wished for in a system of Frugality Banks, commensurate to the whole population of the self-maintaining poor: viz.

"1. *Fund*, solid and secure:—proof against the several causes of failure.

"2. *Plan of Provision*, all *comprehensive*: comprehensive, as far as may be, of all sorts of exigencies, and at all time, as well as of all persons, in the character of customers: thence the amount of the deposits transferable from exigency to exigency, at the will of the customer, at any time.

"3. *Scale of Dealing*, commensurate to the peculiar faculties of each customer: *i.e.* on each occasion as large as or as small as his convenience can require.

"4. *Terms of Dealing* sufficiently advantageous to the customer: (the more so, of course the better), regard being had, in the necessary degree to solidity.

"5. *Places* of transacting business *suitable*: adapted in point of *vicinity*, as well as in other respect, to the convenience of the customer.

"6. *Mode of transacting business accommodating*: suited to the circumstances of the customer in respect of times of receipt and payment, and *quantam* of receipt and payment at each time.

"7. *Mode of operation, prompt*, consuming as little of the customer's time in attendance as may be.

"8. Mode of book-keeping, clear and satisfactory."

There can be little doubt from the above extract, that if Bentham did not make a very practical proposal, he had an excellent idea of the description of agency required.

Another proposal which shared the same fate as did those of Bentham and Whitbread was ventilated in the *Quarterly Review* for 1827, in an article on "The Substitution of Savings Banks for Poor Laws." This was no new scheme, though the agency by which the scheme was sought to be carried out certainly was original. During the eighteenth century the plan of masters compulsorily deducting payments from the wages they were expected to pay to their servants, in order that the money might form a fund for a time of need, was frequently recommended, and even proposed to Parliament. De Foe, in his "Giving Alms no Charity," tells us how at his own period attempts were made to effect a legislative substitution of savings for poors' rates, and to pass Acts of Parliament which "shall make drunkards take care of wife and children; spendthrifts lay up for a wet day; lazy fellows diligent; and thoughtless, sottish men careful and provident." But all the plans, as might be expected, came to nothing. In 1827, however, the Savings Bank principle having become recognised, and the Post Office machinery tolerably efficient it was said that the scheme might be made to work. The writer advocated the establishment of a National Savings Bank, to which the Savings Banks in the country might contribute; "and perhaps," said the *Quarterly Reviewer*, as if recognising the fact of the insufficient distribution of banks, "the remittances to be made might, especially in rural districts, be allowed to be paid into the nearest Post Office, and remitted with its own money to the General Post Office, by whom it might be paid over to the Commissioners of the National Debt." This scheme attracted little or no attention at the time, and nothing came of it. In more than one respect, however, it contained the germ of a plan subsequently carried out, and it is not impossible that some of the numerous claimants for the honour of having originally proposed Savings Banks in connexion with the Post Office may have carefully studied the details.

And this brings us to the early history of Post Office Savings Banks, and to the numerous suggestions which at one time or another seem to have been made with regard to them. No less in respect to the place which these banks are designed to occupy as important public institutions—the people's principal purse—(and that their position in the country will at no distant period be a commanding one there cannot be a reasonable doubt) than for their present attained position and intrinsic value, the question of their early history is a matter for most careful investigation, and one which must not be lightly passed over. The matter of the authorship of the scheme was the subject of considerable discussion at an early stage in its history; and that discussion was not without its value in elucidating some points of considerable importance, and as affording materials for more deliberately investigating many claims which have been put forward. It naturally forms part of our plan, not only to offer a description of the working of the new class of banks—as will be done in a subsequent chapter—but to show, as we propose to do here, in a strictly impartial manner, to whom the country is indebted for the agency now in operation.^[154]

Confining ourselves at present to the origination of the *principle* of Post Office Banks, without reference to the wonderfully simple and efficacious scheme afterwards organized, we find that several different gentlemen had between the years 1850 and 1860, and acting entirely unknown to each other, matured plans, and in one way or another actually proposed them, to remedy the deficiencies of the existing banks, on some such principle as that eventually adopted. To Mr. Sikes, of Huddersfield, however,—of whose previous labours in the cause of Savings Bank reform we have already spoken,—belongs the undoubted merit and honour of having independently originated and matured a plan of operation more or less equal to the object in view; of having persevered in the object of bringing the matter prominently before the public; and of being so fortunate as to have proposed his scheme at a period when the country possessed in Mr. Gladstone a statesman of extraordinary versatility and power at the head of its financial operations, and who has given abundant evidence of his willingness to grapple with uncommon difficulties where a need is proved and the principles of a measure are shown to be sound. As we shall show presently, the same propositions, only differing as to details, were submitted once, if not twice, to Sir Charles Wood when Chancellor of the Exchequer, and once more, by a totally different individual, to Sir George C. Lewis when he held that office. How much, therefore, the measures subsequently carried are primarily due to Mr. Gladstone's sharp-sightedness and energy the reader may judge.

Returning to an account of those who have been represented as suggesting the principle of Postal Banks, we think the number may be fairly reduced by several names. And in that number we would class Dr. W. Neilson Hancock, of Dublin. Of Dr. Hancock's exertions in connexion with the frauds in Savings Banks, and his description of the feeling of insecurity which they engendered, we have already spoken; those exertions related exclusively, so far as we can gather from his pamphlets, to a remedy for this grievance. In a paper^[155] read by Dr. Hancock before the Dublin Statistical Society in 1852, and republished in a pamphlet

form four years afterwards, we find him saying, that private enterprise had not had a fair trial,—if it had, and failed, then Government should undertake the work, *as it did Money Order business*:—

“That part of the natural business of bankers which consists in receiving deposits from the poor might be undertaken by some public officers appointed for the purpose, *just as* the granting of Money Orders, another part of the same business, is carried on by the officers of the Post Office. Such an institution would be called a Savings Bank; and in it the Government would be responsible to the depositors for the acts of the clerks. So that the entire responsibility of management would rest with the members of Government in charge of that department, and the depositors would have perfect security for any money actually paid to a clerk.... My own impression is, that if our laws were framed with a view to allow of small deposits and small investments, private enterprise is quite adequate to supply a complete system of safe investments for the poor. But whether that opinion be sound or not, a Government institution *like the Money Order Office*, with Government officers and Government security for those officers, would be infinitely better than the present system of divided responsibility and absence of security.”

In a further paper, read and published in a pamphlet form in 1855,^[156] Dr. Hancock made no further proposal towards the object immediately in our view, although he said—

“The Money Order Office of the Post Office shows that a large part of the business of banking for the poor can be cheaply and efficiently conducted by the officers of a public department. The first step towards the adoption of such measures is to produce in the public mind a conviction of the utter instability of banks as now constituted, and that conviction I have endeavoured to create.”

We believe Dr. Hancock went somewhat further than this, by calling the attention of the Post Office authorities to the matter though, as he presented no distinct scheme to their consideration, it is not very wonderful that the question should rest where he left it. Though Dr. Hancock does not seem ever to have gone so far as to propose “the opening of banks for the poor in connexion with the Money Order Office,” much less to develop a plan which should have that end in view—a construction which has been put upon his references to the Post Office machinery,^[157]—it is only fair to that gentleman to say that he was one of the first to recognise the merits of such a measure when it was proposed, and to urge its full adoption.

Another name, which has in our opinion been very unnecessarily and erroneously connected with the early history of Post Office Banks, is that of Mr. Ayrton, the member for the Tower Hamlets. To all who remember the strong opposition which Mr. Ayrton offered, not only to the project when before Parliament, but previously to other reasonable reforms in the Savings Bank institution, this association of his name with the origination of the present plan must be very amusing; and yet this is an error into which several have fallen, though traceable, perhaps, to one source.^[158] Mr. Ayrton certainly seems to have had a notion, though not till 1858, that the Post Office might be more useful to Savings Banks than it was; and in the Committee of that year, of which he was a member, he asked one of the witnesses—who was actuary to a bank that had several branches in country places—a series of questions, with the object of eliciting the opinion that it would be an advantage to Savings Banks if money orders could be procured in country places at a cheaper rate than 3*d.* and 6*d.*, when any person desired to send a Savings Bank deposit to an adjacent town.^[159] In the draft report proposed by Mr. Ayrton after the close of the investigation (which was not carried), the following clause appeared:—“That the Committee recommend the Postmaster-General to afford every facility practicable for the remittance of money to Savings Banks, but they do not deem legislation in this respect expedient;” and in our humble view it would have been exceedingly cool if they had! There can be no question that this simple incident has given rise to the misapprehension to which we have just alluded.

We can now come to veritable proposals. Though it is due to Mr. Sikes to say that the fact of prior proposals, with the same object in view, were either forgotten or only came to light for the first time after he had publicly made and urged his plans on the country, it seems not to admit of question that two gentlemen had been, quite unknown to him or the public generally, over the same ground before him, and, whether wisely or not we will not attempt to decide, had desisted from pressing their plans after obtaining an adverse decision with regard to them. So far as the Post Office is concerned, it is only fair to say that the authorities up to quite a recent period have had their hands sufficiently full in completing the plan of Penny Postage Reform which, for several years after the passing of the Act of 1839, was almost held in abeyance; and that, inundated with crude and undeveloped schemes, it was requisite that a plan in which so much was involved should be well matured, and go weighted with the stamp of public approval. Whether, however, the Post Office system was prepared so early as 1851,—the date of the earliest proposal,—to undertake Savings Bank business, is a question which, considering the transition state in which it then was, admits of some doubt.

In 1852, the Rev. George Hans Hamilton, the Vicar of Berwick-upon-Tweed, and now Archdeacon of Lindisfarne, proposed through his relative, Mr. G. A. Hamilton of the Treasury, a national system of Savings Banks to be worked by means of the Post Office,^[160] which it is but justice to say presents many, if not most, of the features of the plan eventually produced. Mr. Hamilton met with varying success; his proposals were not taken

up warmly, but were understood by him to present difficulties which might ultimately be overcome. Had this gentleman persevered in the advocacy of the scheme which he propounded, or had he had the good fortune, to have fallen on more favourable times, with Mr. Gladstone as Chancellor of the Exchequer, there can be little doubt that his plan would have been cordially taken up and his name ever associated with it. As it was, his exertions were recognised by Mr. Gladstone when he came to deal with the matter, that gentleman referring on one occasion to the valuable suggestions he had made. It should be added, that Mr. Hamilton has, since the plans came into operation, urged a modification of one of its features (to be referred to hereafter), and it is little to say, considering the value and the shrewdness of his original suggestions, that he is well entitled to be heard on the point.

The other gentleman who somewhat later than Mr. Hamilton, and quite unknown to him, made proposals to the same effect, was Mr. John Bullar, the eminent counsel, of the Temple. Mr. Bullar himself informs us that his attention was attracted to the subject by observing the working of a Penny Bank at Putney, which was established in the year 1850. Being a member of the Committee of this bank, he was led to think much over "the then existing system of Savings Banks, and how some of the defects of the system could be remedied." After thinking the matter well over, he drew up the memorandum which we give *verbatim*:—

It is admitted that the present system of Savings Banks is defective, and that a new system is much wanted.

Among the defects of the present system are:—Want of perfect security to depositors: risk of loss to trustees by defaulting clerks, and want of opportunities for the labouring classes to make deposits as soon as they have anything to deposit.

Many of the present Savings Banks are only opened for two or three hours once a week; so that those who would deposit in them are forced to be their own bankers during the rest of the week, and are exposed to the constant temptation of spending what they have in their pockets; the particular temptation from which Savings Banks were intended to relieve them.

In order to give perfect security to depositors, they ought to have the security of the nation.

The establishment of Savings Banks for the whole of the labouring classes being a matter of national importance, they ought to be a national, and not merely a philanthropic institution.

In order that they may confer the greatest amount of benefit on the labouring classes, they ought to be open during the whole of every working day.

The principle of a National Savings Bank as a National institution is already admitted in the Savings Banks for the Army, the Navy, and the Mercantile Marine.

The principle of Government acting as Banker for the Nation is already admitted in the Money Order department of the Post Office.

That department is, in fact, a National Bank. It receives money from all comers; it retains the money for divers periods, from four-and-twenty hours to several weeks; and it pays the money to those who are entitled to demand it.

It would be a mere extension in point of detail if that department received more money from more comers, retained the money for longer periods, and paid it out with the addition of interest upon it.

It is therefore suggested that the Money Order department of the Post Office should be made a National Savings Bank, investing the deposits in Government securities, paying a moderate rate of interest (say two and a half per cent.) and paying interest only on round pounds deposited for not less than a quarter of a year.

The trustees of existing Savings Banks should be authorized (except so far as any depositors might object) to transfer their deposits to the department.

In all probability the deposits with the department would amount to at least thirty millions in the course of a year or so; and at the present price of Consols, this would give to the Post Office about 200,000*l.* beyond the interest which they would have to pay to the depositors.

If this would not meet the expenses, the rate of interest might be 2*l.* per cent., giving to the department an additional 150,000*l.* a year.

The principle being admitted, there would be no insuperable difficulty in arranging the details.

JOHN BULLAR.

Temple, November 8, 1856.

This memorandum was written in November, 1856. Mr. Bullar describes that at that period he was too much occupied to enter into the matter so fully as was necessary, or to agitate by means of the press for some such scheme; but Mr. Bullar's friend, Mr. Joseph Burnley Hume (eldest son of the late Mr. Joseph Hume, M.P.), who had some leisure at command, and perhaps some of his father's desire to achieve an amendment of the Savings Bank system,

undertook to bring the matter forward in the proper official quarters. He early saw Mr. Frederic Hill, who was in charge of the Money Order department of the Post Office, and learned from him that the same scheme had already been suggested to the Post Office, and rejected after full consideration. A month afterwards Mr. Hume saw the Duke of Argyll, who was then Postmaster-General, and received a courteous hearing from him. The Duke also said that the Post Office had had the question, or something like it, before them, and that he thought the Chancellor of the Exchequer still had something of the kind under consideration; but gave no definite reply. Subsequently he saw Sir Alexander Spearman, the Comptroller of the National Debt Office, and Mr. Tidd Pratt. "He gathered from them," to use Mr. Bullar's own words, "that they were with him in principle, but regarded the proposed Money Order department as visionary, and that the Government had under consideration a different scheme, which they preferred."^[161] Having in this way met with enough discouragement to hinder them—or any other person who might be cognizant of the proceedings that had been taken—from going further, they dropped any further steps to bring about this desirable change.

Happily, however,—for happy, in one sense, it was,—these schemes and the hitherto abortive attempts to carry them into execution, did not reach the public ear, or others might have desisted from entertaining similar plans. As it was, it was still open to any one else to take up the matter *de novo*; and this is what actually did happen. We can well believe, without the assurance with which he has favoured us, that the next adventurer in these apparently difficult seas had no notion that they had been previously navigated. This circumstance does not take from his merit; but it certainly increased his difficulties. How the matter was eventually brought about in the face of the adverse decisions which we have just given, though somewhat better known, is within our province to tell.

In the hands of Mr. Sikes, of Huddersfield, any matter once taken up was not likely to fail for want of thorough ventilation and earnest advocacy. This gentleman had for years interested himself in the extension of Savings Banks. We have already spoken of the fruits of his industrious pen; and now he was once more to propose in a similar manner, and with his accustomed eagerness, another new scheme which he had carefully thought over and developed in his own mind. Once sure of it himself, he resolved to devote himself to its advocacy; to bring it not only before the proper authorities, "but before the public, at the proper time." Mr. Sikes evidently did not dally with the matter. As he made no sort of mention of the Post Office in his evidence before the Savings Bank Committee of 1858, we may fairly assume that at that time the idea of using the Post Office had not occurred to him. He himself states, that, occupied with a favourite idea which he had long cherished, of bringing a Savings Bank "within less than an hour's walk of the fireside of every working man in the kingdom," the organization of the Post Office suddenly occurred to him, and he dwelt upon it till he had struck upon some scheme for applying the one to the other.

As in the case of the other proposals, the leading principle of Mr. Sikes's plan was to employ the machinery of the Money Order Office to collect and forward deposits to a central bank which he proposed should be established in London. Among the principal details of the plan were—the opening in every town, not previously supplied with a Savings Bank, of a Money Order Office, for the reception of Savings Bank deposits; that the money should be remitted to London in the form of Money Orders; that the deposits should be in sums of not less than a pound; and that in return for these deposits or remittances, Savings Bank "Interest Notes" should be issued in London; and that the interest on these notes should be at the rate of 2½ per cent. per annum. That Mr. Sikes did not proceed boldly enough, and that there were some defects and omissions in his scheme, we shall have to show further on; here it is sufficient to indicate in what his plan consisted.

On the reasons for a large and comprehensive reform of this kind, Mr. Sikes was most full and explicit; as, however, we have already been over this ground, and also said much in connexion with the name of this energetic Savings Bank reformer, it is quite unnecessary to repeat here his well-arranged statistics and his generally conclusive observations as they are given in the pamphlet before us.^[162] Suffice it to say, that he adduced abundant evidence to show that additional facilities were required, and that if they were given, a proportionate increase of business would be the result; that the existing banks were totally inadequate to meet the requirements of the provident poor, much less to stimulate and increase the number of provident people; and that if his plan, or something like it, were carried out, both objects would be gained. Mr. Sikes argued that in a case of this sort, as in many others, increased facilities would bring increased business, and, in support, he adduced as an instance the Money Order Office itself. Quoting from the Postmaster-General's report for 1856, he gave an extract accounting for the increase of business in that office by the fact of the large additions that had been made to the number of Offices, and to further relaxations in the regulations regarding the issue and payment of Money Orders. "The establishment of a Post Office," said Mr. Sikes, with very great truth, "has unfailing influence in developing the correspondence; and of the Money Order Office, the remittances of a district." Mr. Sikes then instituted a comparison which, though not always to the point (for reasons quite obvious), was scarcely an unfair one, of the relative progress of Savings Banks with their small improvement as to facilities, and the Money Order Offices, with their increased facilities. Within the years 1846 and 1858, the former had progressed at the rate of seven and a half per cent.; the business of the latter had increased at the rate of seventy-nine per cent. He then asked if the stagnation in the business of Savings Banks was not to be traced

to the non-increase of their number, their absence in many very populous localities, the slight accommodation given, and the arbitrary routine, and restrictions imposed. If Savings Banks were worth anything, were they not worth improving? And would not those supplementary banks do much themselves, and very probably cause an improvement in existing ones?

Having matured his plan in June, 1859, Mr. Sikes communicated it to Mr. Edward Baines, the member for Leeds, in the form of a printed Letter; and this gentleman, well known for his wide sympathy with the industrious classes, after studying its details, expressed his warm approval of the project, and engaged to bring it under the notice of Sir (then Mr.) Rowland Hill, the Secretary of the Post Office. That there was now no indisposition—if ever there was—on the part of the authorities to such a measure is evident from the reception it met with at their hands, as shown by the letter below.^[163] Encouraged to persevere, Mr. Baines and Mr. Sikes had an interview with the Secretary and some of the principal heads of departments at the Post Office, when the draft of a plan was read to them for working such a measure, the official gentlemen concerned assuring them that this might be done “with great ease and simplicity.”

The next step which Mr. Sikes took was to place himself in communication with the Chancellor of the Exchequer; and as a preparatory step, he printed his scheme afresh, extending it somewhat, in the form of a Letter to Mr. Gladstone. The communication was met by a cordial acknowledgment, in which that right hon. gentleman promised his best attention in examining the scheme, not only on account of the interest attaching to the subject, but “of the authority with which it was invested,” in proceeding from the quarter whence it did. The letter was then given to the public, and immediately attracted general attention, and warm expressions of approval. It was read before the Social Science Association which met in Bradford in the autumn of that year, Lord Brougham having also mentioned the matter in his inaugural address. For a few weeks it was a common subject of discussion, public opinion being somewhat divided as to its advisability as well as practicability. Several Liberal newspapers, however, went warmly into an advocacy of the principles of the measure, if not of the measure itself; and in the early part of November, 1859, the members of the Huddersfield Chamber of Commerce strengthened the hands of their townsman, by passing an unanimous sentence of commendation upon it; and not only so, but they resolved to send Mr. Sikes's tract to all the Chambers of Commerce in the kingdom, recommending them to support the plan, which several of them eventually did.

During the interval, when the ball was kept rolling in this manner, Mr. Gladstone had amply fulfilled his promise to give the subject his best attention, as sufficiently appears from a letter which, belonging now to the history of Post Office Savings Banks, we append below.^[164] Expressions of opinion on the advantage of some such scheme still continued to be sent to Mr. Gladstone and Mr. Sikes, which must have encouraged them both to persevere, and which made it very apparent that the public had made up its mind not to allow the matter to drop—at any rate, quietly.

The most important petitions sent to the Chancellor of the Exchequer emanated from Liverpool, Leeds, and York; but a resolution passed by the Dublin Statistical Society, presided over by Dr. Whately, the late Archbishop of Dublin, and signed by Dr. W. Neilson Hancock as secretary, deserves special notice, were it only for the weight attaching to Dr. Hancock's own name.^[165] In answer to these and similar memorials, Mr. Gladstone seems to have generally replied that the matter was under his most careful consideration; “that he received with cordial satisfaction this expression of opinion, proceeding from persons well qualified to judge, and that he earnestly hoped it may be practicable to frame a plan by which the objects in view may be extensively attained.”

And now the curtain may be said to have fallen upon the scheme, and for fully twelve months it is beyond the public gaze, and entirely beyond public criticism. We find that now and then Mr. Sikes was busy during the period in answering objections to his plan, with as much energy and good sense as he had previously displayed in his advocacy of it, before he had the good fortune to enlist the services of Mr. Gladstone in its behalf. Now, however, it may be said to have passed out of his hands, and to have fallen into those of others, who, no way averse or unfriendly to his project, saw that it would be necessary largely to remodel it, in order to make it fit into the machinery, (of the working of which Mr. Sikes was necessarily ignorant,) upon which it would have to be engrafted. Furthermore, among much approving criticism of the scheme, there had been not a little feeling exhibited among influential organs of the public press, that Mr. Sikes had not gone far enough in his proposals, and that on some points the details were not nearly so liberal as they ought to be made. As an ardent friend to the Savings Bank system, Mr. Sikes had doubtless well considered the objections which Savings Bank managers were likely to urge; and, to stave off opposition on the part of many of his friends, had apparently sacrificed a detail here and there in a matter where boldness of action was most essential to success. If one thing is more clear than another in the history of our great reforms, it is that the projector who plunged right into the stream was always surer of ultimate success than he who paddled about in the shallows, or kept as close as possible to the brink. In this way, therefore, it seems to have come about that not only must modifications be made, but steps must be taken to perfect the plan, and present it in such a shape as a measure of reform as should silence cavil and complaint. Twelve months for such a work might seem long—might, indeed, be unnecessary; but few will say

that the scheme,—so much remodelled as fairly to be considered a new one, did not amply atone for the delay.

The task of adopting Mr. Sikes's proposals just as they originally stood, and which proposals the Post Office authorities had generally acquiesced in, seems to have been abandoned on account of the practical difficulties which stood in the way; one of which Mr. Gladstone indicated in the letter we have already given. The object now, therefore, was to originate a mode of working altogether independent of Mr. Sikes's plan, in which the desirable modifications to be made in Mr. Sikes's scheme should also be introduced. Before, however, we show how this was eventually accomplished, it is necessary to say in what these important modifications consisted.

1. Mr. Sikes's scheme was proposed to be worked by a Commission who should preside over a central bank and employ the agency of the Post Office. Such a division of authority would have been unprecedented, and must have led to confusion and great expense, if even it could have been so arranged.

2. The Commissioners were to have been empowered to receive Money Orders as deposits and acknowledge them in the form of an expensive description of "Interest Notes." The Money Orders and the "Notes" themselves would have required all the surplus interest to have been expended upon them, and there would have been little chance of the scheme turning out self-supporting.

3. Mr. Sikes proposed to open only 1,527 Money Order Offices as Savings Banks. He proved at great length that the system he proposed was not only the best, but the cheapest; yet at the solicitation, we believe, of several Savings Bank actuaries, he did not go the length of including any town where provision had been made for provident people. This, of course, restricted the inhabitants of 600 towns to the dearer mode of operation, though the cheaper one was shown to hold out anticipations of producing by far the best article. Such considerations could not, we should imagine, weigh with the Post Office when once the matter was taken in hand, and no arbitrary test of the above nature could ever have been entertained.

4. Most unsatisfactory, however, was the proposal to make 1*l.* the minimum sum that could be received. There were thousands of depositors in the ordinary banks whose average deposits were not half that sum. Moreover, the plan was designed to meet the wants of the poorest; to encourage and foster the habit of small savings among those who had not yet begun to save. No provision, therefore, could have been more unfortunate; and it is well that Mr. Sikes's fears—such as, that if a less sum were taken the measure would not pay—were soon shown to be groundless.

It is not our intention to trouble the reader with much detail as to what passed during the preparation, or, we may call it, the organization of this interesting and beneficent measure. It is, perhaps, sufficient to say, that differences of opinion rose upon it—that some of the authorities of the Post Office thought Mr. Sikes's scheme, with many important modifications, might be worked; while others of them held that no amount of alteration would enable the department to work it by means of Money Orders. In this way several months passed in discussion, and it is scarcely too much to say, that but for the unceasing vigilance of Mr. Gladstone, who continued to urge further efforts to overcome the natural obstacles that presented themselves, the temporary fate of many a good measure might have been the fate of this.

It was when matters were in this state of abeyance, and when the difficulties in the way fairly threatened to overwhelm the scheme altogether, that a gentleman, since prominently connected with all that relates to Post Office Banks, was induced to turn his attention to the subject. Mr. Chetwynd, one of the staff officers of the Money Order Office, took up the matter of applying the Post Office machinery to Savings Banks; and, discarding all the other plans for working then in dispute, addressed the Postmaster-General in November, 1860, and proposed a plan which he thought would, notwithstanding all the difficulties that had been experienced, meet all the reasonable requirements of the case. Mr. Chetwynd's scheme was based on the principle that Savings Bank business might be done "through the various Money Order Offices in a much more economical manner than by the issue and payment of Money Orders;" and that the plan should be so comprehensive as not to need the restriction which had been previously put upon it that sums under 1*l.* could not be received,—that sum, as Mr. Chetwynd truly said, being "so large as seriously to reduce the value of the benefit proposed to be conferred on the provident portion of the public."

The following outline, necessarily brief, gives all the material points of the plan proposed, and which has in its integrity been since carried out, and forms the basis of existing arrangements:—

1. That every holder of a Money Order Office shall act as an agent of a Central Savings Bank, and shall receive deposits of any amount within the limit fixed by statute.

2. That he shall enter each deposit in a numbered depositor's book, to be kept by the depositor, and in an account to be forwarded to London daily with his Money Order account. That on the occasion of a first payment, the depositor shall make the declaration prescribed by statute, and also sign his name in his depositor's book.

3. That the holder of the Money Order Office shall charge himself in his Money Order account with the total of the deposits thus received.

4. That this account should, on arrival in London, be regularly examined by the examiner of the Money Order accounts; and that when this has been done the daily schedule shall be forwarded to the Central Savings Bank.

5. That the Central Savings Bank shall immediately send an acknowledgment for every deposit direct to

the depositor through the Post Office.

6. That a depositor who may wish to withdraw money, shall give notice in writing^[166] to the Central Savings Bank, and shall receive therefrom a warrant for the required amount, payable at the nearest Money Order Office.

7. That in presenting this warrant for payment, the depositor must also present his depositor's book.

8. That the holder of the Money Order Office shall enter withdrawals in the depositor's book, and shall account for the money he shall pay, in the same manner as already described in the case of deposits, and shall be credited with the sums daily.

9. That the depositors' books shall be forwarded to London annually, in order that they may be compared with the ledgers in the Central Savings Bank, and in order that the interest due may be inserted in them.

The first step which appears to have been taken in regard to the scheme of Mr. Chetwynd was to refer it to Mr. Scudamore, who then filled the office of Receiver and Accountant-General,—an office the holder of which is at the head of the financial operations of the Post Office. After going carefully over the plan which had been submitted to him, he came to the conclusion that it was the best of those which had as yet been framed; “that it will be productive of very great advantages to the working classes, and that it will be self-supporting.” He also characterised it as exceedingly simple, and thought, that if the execution of the plan were difficult, that difficulty would be due to the amount rather than to the nature of the business to be transacted. In conjunction with the projector, Mr. Scudamore then proposed some important modifications and additions to the plan,^[167] and proceeded to enter fully into arguments and calculations to show that it would offer the largest amount of convenience to the public, and be at the same time the least expensive mode of operations so far as the State was concerned. Into these and other purely technical matters there is no need that we should further enter, beyond saying that, so recommended, the scheme was warmly approved by the Postmaster-General; and in a month from the date of Mr. Scudamore's report, it fell into the hands of Mr. Gladstone, and became, as it were, the property of the nation. How the Legislature dealt with it will fittingly bring this chapter to a close.

On the 9th of February, 1861, *Mr. Gladstone* took the first step towards bringing the subject forward in Parliament, by moving a resolution in the House, of which he had previously given notice:—“That it is expedient to charge upon the Consolidated Fund of the United Kingdom of Great Britain and Ireland the deficiency, if any such should arise, in the sums which may be held on account of Post Office Savings Banks, to meet the lawful demand of depositors in such banks, in the event of their being established by law.” This, which was according to the usage of the House the first necessary preliminary, provided that the burden of the measure should be thrown upon the State. Mr. Gladstone stated^[168] that in submitting this resolution he did not wish to pledge members either to the principle or the details of the bill which he intended to found upon it. His sole object was to afford new facilities for the deposit of small savings to those who did not possess them, or possessed them imperfectly. He would not only like to do this, but also to improve materially the existing facilities, so as to enable many more to take advantage of them; but this was a more difficult problem,—an object often attempted, yet little accomplished. The main difficulty, the responsibility of trustees, had baffled all attempts to deal with it. How true this was, the reader who has followed us in our account of the legislation on the subject will readily believe. In this difficulty he had been led to see if they could not avail themselves of another description of machinery altogether, “recommended by its incomparable convenience,” for the purpose of carrying out the same objects for which Savings Banks were originally set on foot. He then went fully into such statistics of the number and conveniences of existing banks as those which we have already furnished, and compared that machinery with the Money Order system at the Post Office and its ramifications all over the country. Not only were the Money Order Offices open every day for a considerable number of hours, but the Postmasters were open and adequate to the transaction of increased business. Mr. Gladstone then dwelt on the want of facilities, which, he said, exercised an important influence on the amount of the savings of the poor; “the experience of this winter, 1860-61, must have demonstrated to anybody who thought upon the subject, that the resources of this class had not of late years increased in proportion to the rate of wages and the improvement in their standard of living.” A smaller portion of their gross income was, he thought, laid by at that moment than was laid by twenty years before. He was sanguine enough to expect that, if readier means were afforded than of laying by in a season of prosperity, their ability to cope with the distress of the future must be largely increased. Now, the banks which he intended to propose would afford these means; and not only so, but under the arrangements of the measure, he would answer for it that the Post Office machinery should be applied carefully and gradually—the most neglected districts to be supplied first. Mr. Gladstone then went into the object and details of the measure. His proposal was that the Post Office should receive and return deposits, with interest, in the same way as Money Orders were dealt with, charging merely a fair remunerative price for the work performed. In one respect the principle upon which the new banks would be founded would be essentially different from that of the old ones. The latter had been established with the notion that the State might very fairly offer to the labouring classes a certain premium by way of inducing them to make deposits; but while he was far from desiring to cast any censure upon the principle, he did not deem it right in the present case to hold out to depositors the expectation of obtaining any high rate of interest. He proposed to give a rate of interest 10s. less than that given by

the ordinary banks, with a proviso that it might be increased to that rate, if found necessary, "and within certain limits."

Mr. Gladstone provided an ample set-off against a less remunerative return for the money, in the security which he now proposed to give for its safe custody. The responsibility of the State, on account of Savings Bank money had always been a subject of the greatest difficulty; he argued on this occasion with perfect reasonableness, as many of his predecessors in office had argued before, that the State could only be responsible for the acts of its own officers; and as up to this time no plan had been devised by which the State could participate in all the proceedings of Savings Banks, it was impossible to carry out the principle of a perfect Government guarantee. What, however, could not be done with the old banks, might and should be done with the new. In his proposals there was something so essentially different from anything they had been accustomed to, that a Government guarantee was an easy and a possible thing. The money would be received by Government officials: it would be invested by these servants in Government securities; and it would be inexcusable to refuse a Government guarantee for the full amount. Hence the motion which he had made. The only effective form which this guarantee could take was the technical one, to pass a resolution providing that if any difficulty arose in the means of meeting the lawful demands of lawful depositors, that difficulty might be met by a charge on the Consolidated Fund. Mr. Gladstone, in concluding, hoped honourable gentlemen would not be alarmed at his resolution, as he would expressly state then that the great basis of this new arrangement was that it should be self-supporting.^[169]

Mr. Francis Crossley (now Sir Francis) went over the ground of the very deficient means of investment for the surplus cash of the poor, producing statistics of a kind with which our readers are now sufficiently familiar, and stated that it was impossible to over-estimate the advantages which must accrue to certain classes in the country from the carrying out of the proposals which had been submitted to them. "A great deal of fault," said Mr. Crossley, "had been found with the improvidence of the working people in not saving money, but let them first see what the Government had done to help them. The State provided beer-shops in every street for working men to spend their money in as fast as they earned it; but hitherto he did not think it had been sufficiently forward in giving them facilities for saving their money." He then alluded to the fear which working men had of the ordinary banks, from their masters being connected with them, and who from that connexion would be able to see what they were able to save. "Under the Postmasters, this would, or should be, different." The country was indebted to Mr. Gladstone for the amount of attention he had bestowed on the proposals of Mr. Sikes. Mr. Crossley concluded: He "did not think Government ought to seek to make a profit on the new business; nor did he think they ought to lose by it. The working classes of the country did not want charity, they only wanted a fair field and no favour, and it seemed that at length they were about to get it. If at any time the rate of interest could be raised without loss or inconvenience, he hoped it would be done." *Colonel Sykes* said that no praise could be too high for anything of this sort, which tended to induce the working classes to lay by against a bad time. He contented himself with referring to two or three subjects connected with the mode of working the scheme. *Mr. Arthur Kinnaird* thought the scheme simple and practical. He "heartily congratulated the Chancellor of the Exchequer on having at last succeeded in one of the fondest hopes of his heart—that of creating a two and a half per cent. stock." Mr. Gladstone at once demurred to this, and stated that he had no notion of establishing a national bank. The money which came into the hands of Government by means of the bill would simply be applied as under the existing Savings Bank law. Mr. Gladstone, in closing the debate, took the opportunity of referring to Mr. Sikes, "who had devoted a great amount of labour to the subject. He felt greatly indebted to him. At the same time, the bill was not intended to embody altogether Mr. Sikes's plan, though this was a matter of detail into which he would not then enter."

Three days after this discussion the Post Office Savings Banks bill was introduced into the House of Commons *pro formá* by Mr. Massey, the Chancellor of the Exchequer, and Mr. F. Peel. Mr. Sotherton Estcourt on this occasion commented on the importance of the bill, and objected to a first reading without an explanation of its provisions; all that was known of it being that the Government were about to frame on its provisions banks of deposit on a gigantic scale, and thus by a merely formal proceeding were about to lay the foundation for very important consequences.

The Chancellor of the Exchequer moved the second and principal reading of the bill on the 18th of March, 1861. *Mr. Estcourt*, whose intimate acquaintance with such subjects made his remarks carry considerable weight, made a long speech. He first expressed his doubts whether the persons employed by the Post Office would ever be able to perform the additional and important duties which would be assigned to them. Government were undertaking a great risk. "No doubt the plan would become popular, for several reasons; the Post Office Banks would absorb not only all future deposits, but also a great part, if not all, of those which had been made in the existing banks themselves."^[170] It would be for the House to decide whether this result would be good or bad, or what could be done that the two kinds of banks need not come into collision. Mr. Estcourt threw out several hints as to how this might be done. They might, for example, limit the sum to be received at post offices, so that the new might not come into competition with the old class; or they might dovetail the new system into the old, by making the Post Office Banks auxiliary and subsidiary to the existing banks. Much had been done in the way of trying to amend the

constitution of the old class of banks, without effect; and he thought that, looking to the probable result of the new arrangement, it would be far better to look the evil fairly in the face, and supersede at once the old by the new kind of banks, or at least say which of the two ought to be retained. This speaker further apprehended that the Post Office Banks would not take root in the villages, where they were most wanted, and would be almost exclusively confined to the towns where they were least needed, and where they would overthrow the existing Savings Banks by drawing away their deposits. Though Mr. Estcourt seemed to feel strongly on the different points touched upon by him, he concluded by stating that he should not oppose the second reading of the bill. *Mr. W. E. Forster* said, in his opinion the scheme would provide good Savings Banks where none now existed, and, a very desirable matter, *safe* banks where they did exist. He thought it was not possible that the one class of banks could dovetail into the other; and if it was, it was not desirable. Where Government took the responsibility, it ought to have the control. *Mr. Thompson Hankey* hoped that the proposed scheme, if found practicable, would entirely supersede the existing banks, and the sooner the better. *Mr. Baines* followed in the same strain; he would not regret if the new banks superseded the old, inasmuch as that result could only be brought about by the proved superiority of the new system. The member for Leeds said, "he had been assured by Sir Rowland Hill, and all the gentlemen whose departments at the Post Office would be charged with the carrying out of the plan, that it would work exceedingly well;" and he could state that, though it differed materially from his plan, Mr. Sikes of Huddersfield was a "hearty supporter" of the scheme which the Post Office had adopted.^[171]

Mr. Gladstone could not say whether the old would suffer from the new banks; if they did, it would only be because the latter were the safest and the best. Whether or no, the object of the bill was not competition with the old banks. He wanted to supply facilities which at present did not exist, and the first duty of the Postmaster-General would be to look to the establishment of Savings Banks in those places where no banks existed, or where the accommodation was very narrow. As to their application to the Money Order Offices of the country, it would be gradual and slow, and so as not in any way to endanger the machinery of the Post Office; the Postmaster-General would select at first a moderate number to be opened, and extend them in proportion as he found occasion, the test and index of the occasion being the demand for such banks by the public. Mr. Gladstone then referred to the rate of interest which would be allowed, and said that in this respect the Post Office Banks would have somewhat less attraction; "the present banks were established on the principle of giving a bonus; the new system must be strictly self-supporting." He would not feed them at the expense of the Post Office, or any other revenue, and in that case the rate of interest must be such as can be safely paid. With regard to the forebodings of Mr. Estcourt relating to the risks which Government would run, Mr. Gladstone stated that the system of Savings Banks had been established for forty-five years, during which time they had had every description of speculation, the severity of a commercial crisis, the pressure of a dreadful famine, and almost every trial that could befall a new system; and although the Government was always holding a great amount of money at call, there had been but a small pecuniary loss, in comparison with which loss the establishment and progress of such a system was immeasurably of greater value. After stating that he thought "the Post Office machinery admirably suited for the purposes of the new measure," the bill passed the second reading.

The bill was introduced into Committee on the 8th of April, 1861,^[172] where trifling alterations were made in several of its clauses. *Mr. Slaney*, who had paid great attention to subjects of this nature, hoped that the deposits would not be restrained, as under the old system, he thought no limit should be placed upon the providence of the labouring classes. *Mr. Vance*, an Irish member, alluded, as he did on subsequent occasions, to what he considered the centralizing tendencies of the scheme. He thought Dublin ought to be the centre of operations for Ireland as under the Money Order system. The principal opponent of the measure on this occasion was *Mr. Ayrton*, the member for the Tower Hamlets, who in some quarters has been credited with the advocacy of the scheme before this period. In a long speech, Mr. Ayrton took exception to most of the details of the measure as they were now proposed, and to the principles of the measure as a whole. Mr. Ayrton held that data enough had not been presented to enable members to form an opinion as to whether the scheme would pay or not. "It was all very well to talk of subjects being self-sustaining, and even economical, but under such statements our expenses had gone on continually increasing." He adduced at length the case of the County Courts bill, and the Government Superannuation Allowances bill, which he said were introduced and passed under some such pretences. It would be the same with the Savings Banks; the Government would never be able to keep to the two and a half per cent., but would have to be guided by the rate allowed to other bankers. "The scheme of a national bank," continued the honourable member, "*however plausible* it might look at the outset, would lead to the most serious consequences." The Committee which sat on the subject, and of which he, the speaker, was a member, came to the decided and unanimous conclusion that it was desirable to separate the operation of banking for the people from the National Treasury. It was thought that these national banks would act as a powerful inducement to the working men to entrust their money to the Government rather than to their own Benefit Societies, which were regarded as too much associated with Trade Societies. In his opinion Benefit Societies and Trade Societies had been the means of regenerating the people, and were eminently conservative; and it was not expedient to discourage these societies by means of the proposed banks. Nor was this all. It was desirable that the country gentlemen should take an

interest in the welfare of the working people surrounding them; and to supersede their exertions by mere stipendiaries of the State would weaken that social system on which the liberties of the people were mainly founded. *Mr. Alderman Sidney*, "as one conversant with figures," ventured to say, that if the scheme were carried out, our national establishment must be greatly augmented; and if it proved successful, "the establishment that would be required would be of the same gigantic proportions as the Bank of England!" It was absurd to think that depositors would be satisfied with less interest than the national creditor. The scheme, he believed, was founded upon error; it would interfere with the self-working of existing establishments, and would entail a large expense upon the country at large. *The Chancellor of the Exchequer* replied, especially aiming his powerful shafts at *Mr. Ayrton*. He said he would not follow that gentleman through his speech, as that was a task beyond his powers. *Mr. Ayrton* often gave the House notable examples of his discursive powers; but he (*Mr. Gladstone*) never knew an occasion on which the honourable gentleman had more signally distinguished himself than on the present occasion. "When he rose into the air on eagle wing, he passed over the limits of time and space, and was not subject to any of the conditions that bound the efforts of ordinary mortals." However, to confine himself to just that which bore on the subject before the Committee, he was strongly opposed to the principle of making the working classes pensioners on the Exchequer; he would do his best to provide against such a result. He did not know, and could not tell, what amount of business the banks would attract; he expected it would be gradual, and the development of the agency would be gradual. The extension of the system would be in precise proportion to the demand; and the expense would be throughout proportionate to the extension. The opinion of the Post Office authorities was, generally, that the work would be done much cheaper than in the ordinary banks; *for sixpence or sevenpence against one shilling for each transaction*. Some even thought that the work might be done cheaper than the work in the Money Order Office. Once started, any tendency to excess would, of course, be corrected; but it was impossible to argue on any assumed number of deposits. He had a sanguine hope that every statement he had made would be verified, and that the measure would entail no charge upon the public.

Again and again the question was asked and argued, whether it was meant that the new banks should be subversive or auxiliary to the old. To this question, which was asked on this occasion, *Mr. Gladstone* gave it as his opinion that the one class of depositors who preferred perfect security would patronize the new banks; whilst another class who wished to act under the immediate view of their local superiors, would prefer the existing banks. In reply to *Mr. Briscoe*, he said he would not limit the establishment of the new banks to those places where no other sort of banks existed,—though, of course, the Post Office would commence operations there first. Such an arrangement would exclude the great centres of trade and population,—our large towns—which were not sufficiently served with banks. An important discussion took place on the 10th clause of the Act relating to the investment of the fund deposited in the Post Office Banks. *Sir H. Willoughby*, as he so often did before, condemned the system of operating on the Stock-market with this money. *Mr. Gladstone* replied, that the loss which was so often dwelt upon in connexion with the old banks was nothing like loss; "the money so deposited with Government had enabled successive administrations to effect an economy in the management of the public money transcending ten times over the charge the State had been put to." He saw no reason whatever to alter the arrangements in this particular. The amendment which *Sir H. Willoughby* proposed was then negatived without a division. Three days afterwards the bill passed the third reading and was sent up to the Lords.

No time was lost in bringing the bill forward in the House of Lords. It was read a first time on the 15th of April, and a second time on that day week. The conduct of the bill in the Lords was naturally committed to the Postmaster-General, *Lord Stanley of Alderley*. On this occasion his lordship went over^[173] the ground covered by the bill—the insufficiency in number, and the inadequacy of accommodation of existing banks, and the insecurity as regards repayment until the money had actually reached the hands of the National Debt Commissioners. *Lord Stanley* added that Savings Banks had by no means increased in number in proportion to the population, or to the increase of the money circulating among the working classes. He adduced several facts and a quantity of statistics on this head similar to those which we have already given to the reader. From these facts it was obvious, that when a working man formed a good intention to invest his small savings, there was a great danger that he would spend his money, if there were no means of his depositing it, or if he could not do it comparatively easily. He then spoke of the losses caused by the failures of Savings Banks. Referring to *Mr. Whitbread's* proposals in 1807, *Lord Stanley* stated that this measure was very like the scheme then proposed, which actually passed through the House of Commons in that year; that *Mr. Sikes* had originally proposed something similar in an admirable letter to *Mr. Gladstone*; and that the Government, with the assistance of two able gentlemen in the Post Office department, had matured the present plan, which he proceeded very clearly to describe. *Lord Stanley*, in concluding, said it was somewhat remarkable that nine-tenths of the depositors in Savings Banks were domestic servants and clerks, and that only one-tenth belonged to what are usually known as the "working classes;" yet large numbers of these latter are in receipt of wages far exceeding the incomes of many who possessed Savings Bank accounts.^[174] He hoped that working men, when they received their wages, would be induced, before going home, to invest a portion of them at the receiving houses they would pass; if so, the result to them and the country could not but

be highly beneficial. The banks must be looked upon as an experiment. If an extension should be demanded, it could only be by reason of the greater security and greater facilities they would offer.

Lord Colchester, an ex-Postmaster-General, admitted the merits of the plan, but doubted the ability of the Post Office officials to carry on the work in every town. Among the Lords, however, the strongest and bitterest opponent of the measure was Lord Monteagle of Brandon (once Chancellor of the Exchequer as Mr. Spring Rice).^[175] He made a long speech on this occasion. He thought it was wrong to establish new banks, or to make them rest on the deficiencies of the old ones, inasmuch as it was easy to improve the latter. He went into the history of Savings Banks, and endeavoured to show that their progress up to 1850, (a fact which no one disputed,) had been far from slow. As, however, it was the period principally between 1850 and 1860 when they were most stationary, this was the time with which he should have dealt. He expressed an opinion that the Post Office would not be equal to the work. He strongly urged the inexpediency of giving increased funds to the Chancellor of the Exchequer, with which to speculate. And this measure would tend to destroy the healthy feeling which was growing up between the higher and the lower classes, through the medium of Savings Banks. Not only did the higher classes give their time and energy to the work of Savings Banks, but they gave their money too; and Lord Monteagle was unlucky enough to cite the case of several noble lords who paid a thousand pounds each to atone for their neglect in connexion with a Hertfordshire Savings Bank, and the fraud there, which we have previously described at length. "Such was the spirit," triumphantly exclaimed the noble lord, "which this bill proposed to crush." Not less unfortunate was Lord Monteagle, as the result has proved, in his endeavour to be amusing and prophetic. "The only comfort," said he, "which I have derived from the speech of the noble lord who moved the second reading, was his assurance that the measure was to be of an *experimental* character." Under such circumstances he would not trouble the House with a division, as he would await without much anxiety the result of the "experiment!" Next year, they would see whether the working of the new system would compare with that "which for nearly half a century had been the glory of England, and had served as a model for all Europe." Lord Redesdale also strongly opposed the bill, but he did not bring to its consideration much of the practical knowledge of the preceding speaker. He "frankly owned" that, from what he understood "would be the manner of keeping the accounts, they would soon get into a state of confusion, out of which extrication would be almost impossible." From the confusion of the above sentence, it is not impossible that the attempt to understand the mode of keeping the accounts had confused the speaker. Curiously, too, the same speaker objected to one of the most convenient clauses of the bill. He called the proposed mode of transfer of deposits from one bank to another, an unnecessary arrangement, saying it would be *much better* that the parties themselves should take it out of the one, and put it into the other bank. Acquaintance with the habits and wants of the poorer classes would have convinced Lord Redesdale to the contrary. Lord Redesdale said, in concluding, that "he was afraid the scheme would produce much disappointment to the public, and a great loss to the nation." *The Marquis of Clanricarde* gave a very qualified and hesitating adhesion to the bill. Lord Stanley of Alderley satisfactorily replied to the arguments that had been adduced, and the bill was then referred to a Committee of the whole House.

On the 25th of April the bill passed the Committee. Four days afterwards, Lord Monteagle again opposed it, saying that he saw, "with great alarm and regret," what seemed to him to be meant to produce a break-up of existing Savings Banks, and the substitution of the action of a salaried Government department for what he might call a great public charity, directed by benevolent persons acting gratuitously in their own neighbourhood. He went over the ground he had taken only a few days before, but in a spirit very much more subdued and less confident; and when the bill passed, he entered a long and laboured "protest" against it (*vide Hansard*, vol. clxii. page 1213, where many more of Lord Monteagle's "protests" may be found). The Post Office Savings Bank Act, which we give *in extenso*,^[176] received the Royal Assent on the 17th of May, 1861.

[152] From this statement the ten or twelve principal banks in the country, many of which are open every day, and all in a flourishing financial condition, are of course excepted.

[153] *Tracts on Poor Laws and Pauper Management*, included in the *Works of Jeremy Bentham*, edited by Sir John Bowring, vol. viii. edit. 1843, page 408. The punctuation and the italics of the above extract are Bentham's own.

[154] A little *Handy Book* on the subject, published in 1861, by Mr. H. Riseborough Sharman, one of the Editors of the *Insurance Gazette*, and which deservedly had a large sale, went over very ably, though in a way which produced considerable acrimony from some portion of the public press, some of this ground. Though it is open to question whether at so early a date it was not premature, and, whether in the peculiar form of a manual for intending depositors, it was wise to enter upon a discussion of these points, it is certain that by means of this pamphlet and other advocacy, Mr. Sharman laboured very hard and very zealously to prepare the public mind for the adoption of the scheme of Postal Banks, and to spread a knowledge of their benefits after the measure had become law.

[155] *Duties of the Public with respect to Charitable Savings Banks*. Dublin 1852.

[156] *On the present State of the Savings Bank Question*. Dublin, 1855.

[157] Mr. Sharman's *Handy Book*, p. 10, 2d edit.

[158] Mr. Sharman's *Handy Book*, p. 11, 2d edit.

[159] It is pretty generally known, that no profit whatever accrues to the Post Office on orders for which threepence only is charged; yet in spite, as it were, of this fact, we find that Mr. Scratchley, in his *Practical Treatise*, takes up Mr. Ayrton's proposals, and "recommends" that "Money Order officials receive deposits on behalf of the nearest Savings Bank," and "that this should be done at a cost to the depositor of one penny for any sum not exceeding 5*l.*" "It is also," adds Mr. Scratchley, "very desirable that the valuable privilege of freedom from postage recommended by Mr. Whitbread should be granted for the books and documents required to be transmitted on behalf of Savings Banks." Mr. Whitbread, it will remembered, made this one of the conditions of his scheme of National Banks; and it is quite evident that none but National institutions could obtain such a provision. "The valuable privilege of freedom from postage," would, we should think, be considered very desirable by a variety of different societies and interests, if only they could obtain it!

[160] The following were the details of the reverend gentleman's scheme, of the authenticity of which we have fully convinced ourselves:—

1. That deposits from 1*s.* to 10*l.* be received daily at every Post Office in the United Kingdom at which Post Office Orders are now issued, and the amount forwarded *daily* to the National Savings Bank, London.
2. That the Postmaster, upon receiving a deposit, do issue a document of acknowledgment to the depositor, with printed instructions attached thereto, directing the depositor to write to the London office, if a receipt be not received by him through the Post from the London office within — days.

The following advantages would follow:—

1. *Universality of operation*, by which the Savings Bank system would be forthwith placed within the reach of every member of the community.
2. *Cheapness of management*.—All rents for offices, and annual salaries to clerks, avoided. Postmasters who are now enabled to issue Post Office Orders, are already admitted to have character sufficient to be entrusted with the receipt of money, which by this system would never exceed one day's deposits.
3. The only expenses of management would be, (1) the London office, which ought to be as near the General Post Office as possible; and (2) some small payment to Postmasters upon each deposit. In large towns, it may in time be necessary to employ an additional clerk in the Post Office, but in these cases the payment on each deposit would suffice to enable the Postmaster to keep such clerk.
4. It would not interfere with the existing Savings Banks,—leaving it to the public to adopt either the old or the new system as they please. By this means the old system would probably be superseded by slow degrees, and without hardship or inconvenience to any one.

GEO. HANS HAMILTON.

[161] Like Mr. Hamilton, Mr. Bullar has subsequently proposed a plan for giving increased facilities in one direction to depositors, which will be referred to at the proper place.

[162] *Letter to the Chancellor of the Exchequer*, 1859.

[163] Mr. Rowland Hill to Mr. Baines, M.P., 2d August, 1859.

"MY DEAR SIR,—With modifications which could readily be introduced, Mr. Sikes's plan is, in my opinion, practicable so far as the Post Office is concerned.

"The plan also appears to me to be practicable in its other parts; but on these I would suggest the expediency of taking the opinion of some one thoroughly conversant with ordinary banking business, and who is acquainted also with Savings Banks.

"I need not add, that if carried into effect, the plan would in my opinion prove highly useful to the public, and in some degree advantageous to the revenue.

"I shall be most happy, when the time arrives for doing so, to submit it for the approval of the Postmaster-General.

"Faithfully yours,

"ROWLAND HILL."

[164] Mr. Gladstone to Mr. Sikes, 30th November, 1859.

"DEAR SIR,—I have read with much interest your tract on Post Office Savings Banks, and have discussed the subject with Sir A. Spearman, who has also had some communication with the Post Office authorities.

"The difficulties are very serious, chiefly in connexion with the question of interest and the mode of account for it.

"At the same time there is so much of promise in the plan on the face of it, that we are unwilling to let it drop without a most careful examination.

"If you are likely to be in London, or were disposed to come hither, personal communication on details might be of advantage. Sir A. Spearman would be most ready to see you for the purpose of entering into them fully, and I should be very desirous myself to give any aid in my power at the proper time."

[165] "The Council of the Statistical Society of Dublin having had under their consideration the plan of Post Office Savings Banks proposed by Mr. C. W. Sikes of Huddersfield, desire to record their entire approval of the principles of his plan, and consider it to be specially applicable to Ireland, where a well-founded feeling of distrust in Savings Banks as now constituted has been produced by its being demonstrated that the depositors have not Government security for their money. That the Council believe that Post Office Savings Banks with perfect Government security would be very successful in Ireland, and

could be readily managed with a central Savings Bank in Dublin, as Government Stock is transferable in the Bank of Ireland. That the Council direct the Secretary to bring these resolutions under the consideration of the Chief Secretary for Ireland, with a view to their being transmitted by him to the Chancellor of the Exchequer. By order,

“W. NEILSON HANCOCK.”

At the same meeting the Council elected Mr. Sikes a Corresponding Member of the Society.

[166] Forms for doing so were immediately afterwards provided.

[167] Such, for example, as the extraordinary facilities now enjoyed for the depositing and withdrawal of money—of which we shall speak in the proper place. Suffice it to say here, that these facilities had never been dreamt of for a moment outside the Post Office; that they were such facilities as no agency but the post-office ever attempted to give, and, more than that, could not possibly have given.

[168] His speech on the occasion has not been reported *verbatim*, or we would never have ventured to have given it in the third person.

[169] *Hansard*, vol. clxi. p. 262; and *Times* newspaper, 1861.

[170] *Hansard*, vol. clxi. p. 2190; and *Times*, 1861.

[171] That this was the case appears further from the circular which Mr. Sikes addressed to every member of the House before the second reading, in which he expressed his cordial approval of the bill, and craved the support of members in carrying it through Parliament.

[172] *Hansard*, vol. clxii. 1861.

[173] *Hansard*, vol. clxii. p. 880; and *Times*, April 23, 1861.

[174] The phrase “working classes,” applied to the industrial population, seems as inaccurate as the phrase “lower orders,” applied generally fifty years ago, is obnoxious. The distinction does not lie in this class being “working” while others are “idle” people. Something very different indeed is the fact. The tendency of late years has been that professional people should work harder, and “working” people less, and very few men who live by their profession work fewer hours than the handicraftsmen of our towns. Lord Stanley might have gone even further in his comments on the earnings of the industrial classes. Even putting aside the important consideration of how much the professional man spends of time and money in preparing himself to work at all, a great and ever increasing number of the wage-receiving class have now as good incomes as many hundreds of the less successful classes above them, while their expected or necessary expenditure is in almost all cases very much smaller.

[175] News of this able nobleman's death has just reached us; but, though bearing in mind the spirit of the well-known maxim, we see no reason to alter our text.

[176] See Appendix (F.)]

CHAPTER IX.

ON THE DEVELOPMENT OF THE POST OFFICE SAVINGS BANK SYSTEM.

"Should the Post Office Savings Bank bill become law, and should it also answer, we shall then possess an institution the convenience and value of which it will be impossible to over-estimate, and this author will deserve the thanks of the country. The country will recognise 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 almost all hours, and, more than all, giving a fair amount of interest."—*Times*, March 20, 1861.

"I have been asked," says Mr. Edwin Chadwick, "by several M.P.'s and others, what I thought of Post Office Savings Banks. I have answered them, that I know no measure of late years affecting the condition of the working and the lower middle classes which appeared to me so excellent in principle. I am disposed to say, as Sir Robert Peel said with reference to the Encumbered Estates Act, that it is 'so thoroughly good a measure, he wondered how ever it passed.'"

WE have already seen that the Post Office Savings Bank bill was rapidly and successfully passed through Parliament, and *did* become the law of the land. The Act "to grant additional facilities for the depositing small savings at interest with the security of Government for the due repayment thereof," received the Royal Assent on the 17th of May, 1861. The author of the bill has the best claims on the thanks and gratitude of the country. The press and the people of this land have, almost with one accord, been loud in their praise; and the three-quarters of a million of depositors, most of them attracted to saving habits by the facilities he then for the first time offered them, joined in silent thanks. The scheme for working this measure, organized in the Post Office after repeated requests from Mr. Gladstone, accomplished to a great extent under his oversight, and then carried through Parliament by his administrative ability and convincing eloquence, will ever cause his name to be most prominently associated with the new system; and among the many triumphs of his skill, this one will stand out with distinct prominence on the page of history.

The Post Office Savings Banks have not only "answered," to use the phraseology of the "leading journal," but they have attained a marked position, and have been, in every respect, an eminent success. Not nearly so much, however, with regard to their present condition, as to their manifest and inevitable destiny in the future, the Postal Banks are entitled to a high place amongst the social institutions of the country. In every department of labour, the new banks have become, and must yet become to a far greater extent, most effective agents in the social and moral improvement of the people, and will give tenfold effect to the endeavours which have been made, in so many directions, to better the condition of the masses. Next, perhaps, to the repeal of the Corn Laws, this is the greatest boon ever conferred on the working classes of this country; and next to the scheme of Penny Postage itself, the scheme of Post Office Banks is the greatest and most important work ever undertaken by the Government for the benefit of the nation. Whatever differences of opinion may exist as to the claims of the present Ministry to public gratitude, there can, we should imagine, be but one opinion now as to the vast advantages conferred upon the bulk of the people by the measure of 1861.

The success of the Post Office Banks has been of the most complete kind. Whether we consider, as we shall now proceed to do in proper order, the amount of the business done; the nature of the business done; the influence of these banks on the provident habits of the community; the results upon those small banks which more especially have partaken of the character of eleemosynary institutions; and the manner in which the business of the Postal Banks has been organized and performed, the scheme has far more than realized the anticipations under which it came into existence.

As to the Amount of Business done. The interval between the passing of the Act and the 16th of September, 1861, was occupied, it appears, in completing the arrangements for the conduct of the measure, including the appointment of Mr. Chetwynd to control the scheme he had originated, and a staff of superior and subordinate officers with which to begin the business; and on that date operations were commenced by the opening, in England and Wales, of 301 Money Order Offices as Savings Banks. The grounds upon which the first places were chosen were unquestionably the best that could have been adopted to test the feeling of the country with regard to the scheme itself. They were, (1) Avoidance of all collision with existing banks which supplied a fair amount of accommodation; (2) The selection of important and thickly-populated districts, making that selection embrace the widest possible area, and leaving no inconsiderable tract of country without the required accommodation; (3) To meet the wishes of the public, so far as these wishes were indicated by memorials or requisitions to the authorities; and (4) To take care that the postmasters of selected places were trustworthy, and capable of transacting the business efficiently. Had the scheme failed under such conditions as thus seem to have been imposed, little hope could have been held out that it would ever have been successful: as it happened, however, the banks were found at once to supply a great public want. The authorities seem to have been so far encouraged, that in six weeks an enormous addition was made to the number of banks. 254 were opened in the month of October following, 338 in November, and 784 in

December, making the entire number of 1,629 new banks open to the public at the end of the year.

On the 3rd of February, 1862, the benefits of the measure were extended to Ireland, by the opening of 300 banks; on the 17th of the same month, 299 banks were opened in Scotland; and by the end of six months from the original commencement of the plan, there were in the United Kingdom no fewer than 2,532 Post Office Banks in existence. 400 additional banks were opened in 1863; and at the end of 1864 the total number of banks was increased to 3,219. Up to the present time (March, 1866), the number of Post Office Banks is 3,369, of which,

2,469 are in England and Wales,
525 are in Ireland, and
375 are in Scotland.

There is now a Government Savings Bank not only in every town in the United Kingdom, but in every large village;^[177] and over and above this already ubiquitous and comprehensive arrangement, the large towns of the country have each a number of new depositories for savings proportionate to their size and population. Thus, in the metropolis, at the present moment of writing (April, 1866), there have been provided the extraordinary number of 452 Post Office Banks; in Manchester, there are 26; in Liverpool, 25; in Birmingham, 22; in Edinburgh, 18; in Glasgow, 18; in Dublin, 15.

In the three months of 1861 during which the 1,600 banks were in operation for portions of the period, 25,729 persons opened accounts with them, and deposited money to the extent of 167,530*l.* in deposits of the average amount of 3*l.* 11*s.* 10*d.* At the end of the next year (1862) 180,199 persons had opened accounts in these banks, depositing 1,947,139*l.*, and withdrawing less than a quarter of that sum. Year by year, up to the present time, as appears by the accompanying table, the increase of deposits, and the increasing number of new accounts, are far more than proportionate to the increase of facilities; and, as showing the firmer hold that these banks have taken on the community, this fact is most satisfactory and gratifying. Equally so, and a most convincing proof of their success, is the account of the total amount of business shown to have been transacted up to the 31st of December last. Up to that date these banks have received from no less than 857,701 depositors, in 3,895,135 deposits, a sum of money amounting to 11,834,896*l.*;^[178] the withdrawals during the same period of four years numbering 1,011,379, and amounting to 5,619,251*l.* There were in December last, 611,819 open accounts, the amount standing to the credit of these accounts being 6,526,400*l.*

TABLE showing the Amount and Nature of the Business done in the POST OFFICE SAVINGS BANKS from their opening in September, 1861, to December, 1865.

Date.	Number of Deposits.	Amount of Deposits.	Average amount of each Deposit during the period.			Amount of Withdrawal.	Average amount standing to the credit of each Account.			
			£	s.	d.		£	s.	d.	
From 16 Sept. to 31 Dec. 1861.	46,643	167,530	3	11	10	1,702	6,759	6	9	9
Year 1862	592,573	1,947,139	3	5	9	95,592	431,878	9	10	3
Year 1863	842,848	2,651,209	3	2	11	197,431	1,027,154	10	11	4
Year 1864	1,110,762	3,350,000	3	0	3	309,242	1,834,849	10	12	1
Year 1865	1,302,309	3,719,018	2	17	1	407,412	2,318,611	10	13	4
Total	3,895,135	11,834,896	3	0	9	1,011,379	5,619,251	9	11	4

In the ten years ending November, 1861, the annual average increase in the total number of Savings Bank depositors was at the rate of 3½ per cent. In one year from this date the increase in the number of depositors—taking the depositors of the old banks and the Post Office Banks together—was at the rate of 6¾ per cent. That this increase was altogether owing to the introduction of the new system, scarcely requires proof: a few of the old Savings Banks, Edinburgh, Glasgow, Liverpool, and Birmingham for example, increased their business during 1862; but the aggregate of the old Savings Banks lost more business than the few gained. Again, in all cases, the gain of the Post Office Banks was far greater than the loss of the old banks.^[179] Throughout the entire kingdom the old banks lost 55,000, and the Post Office Banks gained 160,000 depositors.

The rate of increase shown in the first year has been continued with inconsiderable variations up to the present time, and, in his last *Report*, the Postmaster-General, in view of

all the facts of the case, states: "On the whole, it seems reasonable to expect that the annual increase in the business of the Post Office Banks will for some time be from 130,000 to 140,000 in the number of depositors, and from 1,400,000*l.* to 1,500,000*l.* in the capital of depositors."^[180] The correctness of these calculations will not depend to any appreciable extent on the increase of facilities, such as the opening of new banks: the Post Office Banks have already been so widely established that little additional accommodation will be required for some time to come. It is made to depend, we should imagine, on the principles of Post Office Banks becoming more and more widely known, and their facilities more and more appreciated. This has clearly been the experience of the last two years. In 1864, 161 new banks were opened, and the increase of depositors was at the rate of 42 per cent.; in 1865, only 73 new banks were opened, and yet the increase in the number of depositors was at the rate of 40 per cent.

As to the Nature of the business done. Some idea of the nature of the increased business done may be gathered in several ways. First and foremost the number of Post Office Savings Bank depositors represents an enormous number of accessions to the list of frugal people who have perhaps for the first time begun to save, and of those who, more prudent and less confiding in their fellows, seek the security of the State for the safe custody and prompt repayment of their savings. It is a somewhat remarkable fact, that of the total amount which had up to the end of last year been deposited in Post Office Banks, not much more than a million and a half (allowing for money transferred otherwise than by means of the regular transfer certificate) had been withdrawn from the old Savings Banks. Moreover, out of this large sum more than half seems to have come to the Post Office Banks through the voluntary closing of Savings Banks on the old principle,—the Birmingham Savings Bank contributing a third of the whole amount.

From these facts, it seems quite clear that the business acquired by the Post Office Banks, at any rate up to this time, is almost entirely newly-created business, and that the older Savings Banks have only been interfered with to a trifling extent. Besides the amount already referred to, other sums might undoubtedly have been placed with the older institutions, had there been no competition; but by far the greatest proportion is plainly derived from sources hitherto unreachd, and consists of money which no amount of persuasion could divert from the hundred forms of indulgence to the older channels of economic hoarding.

The Post Office Banks, further, seem not only to have attracted a public of their own, but to have created, as it were, a fresh race of provident people. All kinds of Savings Banks have been established to give, in some form or other, facilities for the deposit of *small* savings. When the new banks commenced, the average amount of a single deposit in the existing banks was, and had been for some time, 4*l.* 6*s.* 5*d.*; during the first year of the existence of the Post Office Banks, the average amount was only 3*l.* 1*s.* 9*d.* But this average has been still further reduced. The Post Office authorities, describing more recent operations,^[181] state, that as the nature and advantages of these banks became known to the poorer classes, and as new banks were opened from time to time in rural districts, and densely populated portions of our large towns inhabited by those classes, a gradual reduction in the average amount of each deposit has taken place, and that that amount has for some time ranged between 2*l.* and 3*l.*, whilst the average amount of each sum deposited in the old Savings Banks has not undergone any marked alteration. The conclusion which has been arrived at is the only one possible, viz., either that the Post Office Banks have reached a poorer class of depositors than the old banks have been able to attract, or that in increasing so many fold, as we shall have to describe, the facilities for the more frequent deposit of small sums, they have at the same time, and proportionately, increased the inducements to frugality, and removed the temptations to wastefulness.

Still dealing with the peculiar nature of the new business, it is very important that one fact should not be lost sight of. In our opinion, it completes the evidence as to further accommodation being urgently required by the poorer classes. In those towns and districts which before 1861 were considered to be well supplied with sufficient and well-managed institutions, the success of the Post Office Banks has been most marked. Thus in Edinburgh, the rate of increase in the number of depositors rose in one year from 3½ to 5¾ per cent.; in Dublin, from 4½ to 7 per cent.; whilst in the county of Middlesex, where, before the Post Office Banks were established, there were "forty-one prosperous and excellently managed banks, which seemed to hold out all needful inducements to prudence and frugality," no less than 30,000 persons were added to the roll of Savings Bank depositors in the year following the introduction of the new banks into that county. The rate of increase before 1861 was 2½ per cent.; in 1861 and 1862, it was at the rate of 10 per cent.

The average amount standing to the credit of each depositor in the Post Office Banks has for some time ranged between 10*l.* and 11*l.*, and is not expected to exceed that sum for some time to come. Of the whole number of depositors, about four per cent. have balances due to them of 50*l.* and upwards. A general idea of the mass of depositors may be gathered from the above facts, and they may be supplemented by the following table, which, though only the result of an estimate, is near enough for our purpose. In March, 1865, a certain proportion of the open accounts in the Post Office Banks was examined, in order that some idea might be obtained of the occupation of the entire number,—from which it seemed probable that the 524,340 depositors were made up pretty much as follows:—

Females, Male Minors, and Trustees	285,769
Mechanics and Artisans, Domestic and Farm Servants, Porters, Policemen, Labourers, Boatmen, Fishermen and Seamen	140,518
Tradesmen and their Male Assistants, Farmers and Clerks of all kinds except those mentioned below	53,756
Males of no stated occupation, Professional Men and their Clerks or Assistants	31,353
Males engaged in education	5,692
Persons in the Army and Navy	4,682
Persons employed in the Revenue Departments	2,570
Total	<u>524,340</u>

Of the entire number of Post Office Savings Banks, ninety-one out of the 3,369 have failed to obtain depositors. Of this number,

23 are in England and Wales,
5 are in Scotland, and
63 are in Ireland.

It is impossible satisfactorily to account for the failure in so many cases, or, in the absence of information as to the particular localities to which facilities have been offered in vain, to say whether there may not be some special reasons, other than indisposition to save, which may have operated against the transaction of business. Among the great number of banks established in England, there must unquestionably be some poor and sparsely populated districts to which they have penetrated; whilst in Ireland, which contributes nearly three-fourths of the non-effective banks, these districts must be still more numerous, and the population still less able to save. Add to this, the fact that in more than one large district in the sister country the grievous frauds in the old class of banks have left an indelible impression on the minds of the people,—if they have not, as one authority states, destroyed all thoughts of provident habits,—and that this impression is not likely to be effaced in the chronic agitation which has for so long prevailed in Ireland, and the only wonder is, that more of its 525 Post Office Banks are not non-effective.

As to the Results of the New Banks on the Old ones. Before the Post Office Banks were established, 638 ordinary Savings Banks were open in the United Kingdom for the receipt of small savings. Of their distribution throughout the country and the accommodation which they gave, including the number of hours the bulk of them were open, we have already spoken in a previous chapter. The Post Office Banks were no sooner established and business fairly commenced than two very important results followed in banks on the old establishment. The first was, that some of the more important Savings Banks increased their accommodation to the public,—the duration and frequency of the time allowed for doing business being extended: the second was, that the trustees of many of the old banks came to the resolution to close their institutions, on the ground that their time and benevolence were misspent in competing with the new banks, which enormously increased the accommodation they had been powerless to afford.

The best possible test, not only of the influence of the new banks, but of their marked superiority and adaptability to the wants of the country, is found in the fact, that since 1861, no Savings Bank on the old principle has been established. If it be not desirable to establish new banks, it cannot be a matter of much concern to the country how soon the *bulk* of the existing banks on that principle give up their charitable business. We say *bulk* advisedly, for many of these banks do not partake, in the ordinary sense of the word, of the character of charitable institutions. From a careful and impartial view of the whole subject, it seems to us, that no measure short of the abolition of the Post Office Banks can keep alive those of the old Savings Banks which cannot compete with the former in the quality and the amount of their accommodation. On the other hand, no one who has at heart the interests of those classes which Savings Banks seek to benefit would wish to see the existence of any institution shortened, which, while profitably ministering to a great public want, is neither subsidized by the State, nor conducted so as to leave an impression on the depositor's mind that it is charitably ministering to his necessities. Those which cannot give the necessary facilities, must succumb sooner or later; those which answer to the latter requirements, may still have a long course of honour and usefulness before them. Before 1861, there might be no option or alternative to the existing order of things; the institution of Post Office Banks has supplied both.

Twelve months after the organization of the Post Office Banks the trustees of thirty-five of the old Savings Banks had closed their banks. Up to the present period (March, 1866), sixty additional banks have followed the example thus set them; this making a total of—exclusive

of Penny Banks—ninety-five banks which have transferred their business to the Post Office. The least important of these institutions was that of Dumbarton, established in 1846, and which had but 83*l.* of capital. The most important bank on the list is Birmingham, originally established in 1827, and which had, on the 20th of November preceding the date of closing, a capital of 583,461*l.* The fact of the Birmingham Savings Bank coming over, formed the one necessary assurance that the new system had obtained, not only the confidence of the country, but the tacit acquiescence of those who managed large businesses of the same nature. It was very properly argued at the time, that if a majority of such trustees as those of Birmingham could come to the conclusion to hand over their well-managed and flourishing bank to the Government, any bank might do so.^[182]

The following Return, which has been carefully compiled, is of sufficient interest and importance to occupy the prominent place we assign it.^[183]

RETURN containing the Names of SAVINGS BANKS CLOSED during the years 1861 to 1865 inclusive, together with the Date of Establishment, the Number of Hours open per Week, and the Capital on the 20th November preceding the date of closing of each Bank.

Name of Bank.	Date of Establishment.	Number of Hours open per Week.	Capital on 20th Nov. preceding the date of closing.	Remarks.
<i>England.</i>			£	
Ambleside	1857	1	2,503	
Andover	1827	2	4,121	
Baldock	1816	4	17,573	
Bermondsey	1856	1	3,131	
Biggleswade	1816	7	10,496	
Billericay	1860	1	2,290	
Birmingham	1827	12	583,461	This Bank ranked
Bishop's Castle	1861	1	1,988	fifth or sixth
Blackpool	1859	1	2,197	in the Empire.
Bodmin	1839	2½	54,638	
Bowdon & Altrincham	1823	4	49,183	
Braintree	1859	1	7,510	
Brixton	1860	1½	2,300	
Bromley	1816	2 to 3	22,496	
Buntingford	1845	2 monthly	5,127	
Burford	1826	1	11,100	
Canterbury	1816	8	149,572	Closed on account
Carshalton	1817	1½	11,198	of the fraud
Chesham	1854	1	3,379	previously spoken of.
Cheshunt	1850	2	1,535	
Chipping Norton	1860	5	5,694	20 Nov. 1863.
Chipping Ongar	1858	2 fortnightly	3,476	
Clapham	1816	1 to 2	28,411	
Clayton West	1861	1	494	
Cleobury Mortimer	1859	1	2,580	
Coddenham	1818	4	15,729	
Covent Garden	1816	2	18,125	
Cuckfield	1836	1	7,191	
Dartford	1816	2	26,549	
Deptford	1816	2	30,712	
East Dereham	1854	1	8,840	
Enfield	1839	1	132	
Epping	1817	3 monthly	16,023	
Evesham	1839	2	24,516	
Finchley	1859	3	1,428	
Fleetwood	1852	1	5,033	

Halstead	1816	1	20,742	
Hartlepool	1844	2	6,617	
Holloway	1856	1½	10,632	
Holt	1861	1	1,448	
Hornsey	1819	1	101	
Hoxton	1843	8	494	This was the first
^[184]				Bank which
Kirby Stephen	1846	1	6,957	transferred its
Leatherhead	1860	1	592	business to the
Lechlade	1844	1	4,636	Post Office.
Lutterworth	1822	6	36,332	
Lymington	1818	2	1,394	
Mansfield	1818	5	64,671	
Market Harboro'	1838	1	24,659	
Melbourne	1855	1	2,552	
Old Kent Road	1859	2	3,538	
Over Darwen	1860	2	1,071	
Pimlico	1860	5	1,900	
Poulton-le-Fylde	1822	1	30,822	
Rawtenstall	1836	2	240	
Rochford	1818	2	9,887	
Romsey, New Hall	1859	1	408	
Rugby	1818	2	46,839	
Saddleworth	1824	4	6,601	
St. Alban's	1859	1	4,140	
Sedbergh	1859	3 monthly	856	
Sheerness	1818	1	4,128	
Shiffnal	1819	11 monthly	15,851	
Southwold	1858	2 monthly	1,248	
Stavely	1854	1	1,457	
Tredegar	1855	2	1,726	
Wallasey	1843	1	3,229	
Walsall	1825	2	48,492	
Wandsworth	1816	1	1,269	
Watford	1817	4 fortnightly	38,968	
West Bromwich	1846	7	27,491	
West Ham	1819	2	17,739	
Weston-super-Mare	1830	3½	3,644	
<i>Wales.</i>				
Bala	1849	1	14,386	
Carnarvon	1854	2	159	
Dolgelley	1819	36 to 48	30,291	
Llangollen	1852	6 monthly	3,841	
Machynlleth	1834	36	10,166	
Merthyr Tydvil	1853	2	3,745	
Narberth	1857	2	2,242	
Newtown	1856	1	2,960	
Portmadoc	1846	11	2,732	
<i>Scotland.</i>				
Dumbarton	1846	10	83	
Fort William	1859	6	2,023	
Glencoe	1859	2	396	
Leith			195	Date and hours not
Oban	1840	12	106	given in Return
Stranraer	1860	4	1,533	for 1861.
<i>Ireland.</i>				

Ballymena	1860	2	1,455
Bray	1819	2	4,512
Carndonagh	1860	4	906
Gorey	1822	1	2,550
Lisbur	1838	2	2,674
Strabane	1821	2	16,081

It ought to be stated that the Act of 1863, for amending the Post Office Savings Bank bill, offered considerable inducements to the winding up of the then existing banks. Its principal objects were to relieve those trustees who were desirous to close, from liability with regard to the accounts of depositors who had not applied for repayment of their money, or for certificates to enable them to transfer their deposits to Post Office Banks, and also to make the transfer of the accounts of minors compulsory on the authorities of either class of banks on the application of the proper parties concerned. More important than either, however, was an addition made to the bill before it was allowed to pass. This addition consisted of a clause empowering the trustees of any old Savings Bank who should desire to close their bank, to compensate their paid officers out of the Separate Surplus Fund. This was a welcome and very proper addition to the bill, and tended materially to mitigate the inconveniences likely to arise from the officials, perhaps of many years' standing, being thrown out of employment. The Birmingham Bank, when it transferred its business, took advantage of this clause to compensate its officers accordingly; and this course has subsequently been followed by other banks.

* * * * *

We have left ourselves little space to describe what remains to be told of *the manner in which the business has been organized and performed*. Happily, however, those parts of the system with which the public have more especially to do, have not wanted numerous and faithful exponents; by means of the newspaper press, shoals of official and non-official tractates, handy-books, magazine articles, and public lectures, the public have been made fully aware of all the practical details of a scheme which is at once so simple and so satisfactory in its working, and which is at the same time as capable of indefinite expansion as it is of infinite power for good. It is indispensable, notwithstanding that these details are now so well known,^[185] that we should rapidly glance at *some* of them, prior to speaking of the special advantages which these arrangements have made possible.

With regard to Depositing Money. By the Post Office Savings Bank bill any person who will subscribe the requisite declaration that he is not a depositor in any other Savings Bank may now, on every working day of from six to ten hours' duration, deposit any sum not less than one shilling, and not more than 30*l.* in one year, in any of the 3,300 places in the United Kingdom where the Post Office has been opened as a Savings Bank; also, that for every pound so deposited for a month or more, interest at the rate of 2*l.* 10*s.* per cent. per annum shall be paid, and that while the money remains in the hands of the Post Office the credit of the British Government shall be staked for its due repayment when asked for.

Any person wishing to become a depositor in a Post Office Bank has only to go to that Money Order Office which is most convenient to him, subscribe the statutory declaration, and pay in to the postmaster or receiver the amount he wishes to deposit, and a bank book will be handed to him, properly numbered, and on which his name, address, and occupation will be written. The amount handed to the postmaster will be found entered as a first deposit in the proper column of the book, and this entry will be attested by the signature of the postmaster, and stamped with the official stamp of his office. From the moment the depositor gets his book handed to him he possesses, for all practical purposes, a sufficient guarantee for the absolute safety of his money.

This is, however, not the only security he has; and to explain the further process it is necessary to follow the money after it leaves the depositor's hands. The postmaster before giving up the book is required to enter the full particulars of the transaction in a single line on a Form of daily Savings Bank account supplied to him for the purpose. At the close of each day the local postmaster adds up the total amount received by him during that day on Savings Bank account, and, adding that sum to the account of Money Orders issued during the same day, sends the entire account to the chief Money Order Office in London. On its arrival at this office the account undergoes a primary check, and is then sent to the Savings Bank department, where it is thoroughly examined in all its details. In the first place, an acknowledgment is filled up and addressed^[186] to every depositor named in the account. The account is then sent to the ledger branch, where its particulars are copied into the books of the department; and subsequently, but on the same day, to ensure accuracy and afford a check, each acknowledgment is compared by different officers with the entries made in the ledgers, and then despatched by the same night's post to the address furnished by the depositor.^[187]

The receipt of this acknowledgment completes the depositor's parliamentary title to repayment in full of principal and interest. Should the depositor not receive his acknowledgment within *ten* days of making the deposit, application must be made (and it

may always be made free of postage) to the Postmaster-General for it. Experience has shown that no depositor has been put to the trouble to write *twice* for an acknowledgment, and but a very small modicum indeed have written at all. Practically three days would suffice for the operations required in England, and four for the greater part of Ireland and Scotland; but in some few cases the longer period of ten days is necessary. Were it not for the check, moreover, which the department thus obtains upon its own officials, and the confidence which the arrangement gives to depositors, the acknowledgment might perhaps be dispensed with, inasmuch as the postmaster's entry in the depositor's book is not bad evidence that the money has reached the hands of a Government official,—a fact which, if it could not be disputed, would not, we should imagine, be set aside.

In every subsequent case where a person adds to his first deposit, exactly the same routine is followed. He may, however, if he desires it, or requires it, continue his deposits in another bank from that in which he originally opened his account; nay, if he chooses, he need not make two deposits in any one bank, but may take a tour throughout the country, or, if he lives in London, may go all round the metropolis to the 450 banks there, and see which he likes best, and no one will interfere with his freedom of choice. And though a depositor of this curious description would give additional trouble, the routine of the work is so simple that he would not embarrass the department in any way.^[188]

With regard to Withdrawing Money. A person having once run up a score in the Post Office Banks, may withdraw it with great readiness and with extraordinary and unexampled facilities. A depositor who requires some, or all, of his money, has only to go to whichever Post Office Bank he likes best, in whatever part of the country he may happen to be at the time, and ask for the usual printed Form. He must fill up this Form with the number of his deposit-book, the name of the office where he commenced to make his deposits, the amount he wants, and the place where he wants it paid, and adding his name, address, and occupation, send the Form (which needs not to be post-paid, is addressed on the back, and provided with an adhesive seal,) to the Postmaster-General and wait the result.

Following the fortunes of this notice, we find that it arrives in proper course at the chief Savings Bank. The signature attached to it is there compared with the signature of the original declaration, and if, on comparison, there be no grounds for suspecting anything amiss, the notice is sent to the ledger keeper in charge of the account of the particular depositor. If it be found that he has a proper balance in the bank to meet his claim upon it, a warrant for payment is at once prepared. This warrant is an order to the postmaster named to pay the amount wanted; and after the amount of the warrant has been entered in the ledger, and checked by a superior officer, who certifies its correctness, it is at once sent off by post to the address furnished by the person withdrawing. At the same time, and by an admirable system of manifold writing,—suggested by Mr. West of the Mail Office for the use of other branches of the Post Office, and which has been with great advantage applied to Savings Bank operations,—the postmaster himself is furnished in fac-simile with a copy of the warrant sent to him in the nature of an advice.

When the postmaster is applied to for the money in question he carefully compares the warrant with the advice to pay, in the same way as he deals with the familiar money order; he also compares the signature to the receipt on the warrant with the signature in the depositor's book; and if he be satisfied with the scrutiny, he pays the money, entering the transaction in the withdrawal part of the depositor's book, and signing and stamping the book accordingly.^[189] When the paid warrants are returned to the chief office, and when the postmaster sends up an account of the day's transactions, the accounts and entries are checked in the chief Money Order Office and the chief Savings Bank, in much the same way as described in the case of deposits; the whole being arranged to provide an admirable system of check in which two branches of the Post Office,—viz., the chief Money Order Office and the Receiver and Accountant-General's Office,—as well as the chief Savings Bank, are immediately concerned.^[190]

When the Post Office Savings Bank bill was introduced into the House of Commons, the proviso that the scheme to be founded upon it should be self-supporting, formed an important consideration in the statements of the Chancellor of the Exchequer, and was strongly urged by other members. It appears that from the first the operations have not only been self-supporting, but exhibit each year an additional amount of assets over liabilities, as the balance-sheet for last year (given in the Appendix) will show. According to the Parliamentary Paper No. 523, it was estimated that the cost of each transaction in the Post Office Banks would be 7*d.*; the actual average cost of each transaction up to the present time has been 6⁷/₈*d.* We have no doubt, as bearing on the point of the cost of the Postal Banks, the following estimate (which, as proved by the actual result, has been so accurate) will possess an interest to the general reader. It is an estimate of the cost of One Hundred Thousand transactions under the Post Office Savings Bank bill, assuming the proportion of deposits to withdrawals and of transactions to accounts to be the same in the Post Office Banks as in the existing Savings Banks, when the former shall be in full operation:—

	£	s.	d.
Estimated cost of receipts and payments by Postmasters	210	0	0
Estimated cost of transmission to central office, including check on receipts and payments, &c.	690	0	0

Estimated cost of keeping accounts with depositors, including calculation and entry of interest, periodical comparison of depositors' books, check on withdrawals, preparation of general accounts, stationery, and other miscellaneous items and general management	1,750	0	0
	<hr/>	<hr/>	<hr/>
	2,650	0	0
To which may be added, 10 per cent. as a margin for omissions or errors of computation		265	0
		<hr/>	<hr/>
Total cost of 100,000 transactions	£2,915	0	0

We will now conclude this chapter with a rapid survey of the peculiar advantages of the system of Post Office Banks, with some remarks on what may be called the deficiencies of the system.

The system of Government banks seems exactly to meet the points most required by those whom the older kind of banks had no power to attract, as well as of that considerable class who, rather than not save at all, would save under inconveniences which they were powerless to remove. For years it was impossible to provide the conditions and meet the wants of the poor in these respects, but there can be no doubt that they have now been met. These conditions, these wants, were absolute and unquestioned security for their money; despatch, both as to depositing and withdrawing money; and secrecy in the transactions in which they should engage.

With regard to *Security*. The Post Office Banks being part of the machinery of Government itself, offer the highest possible security,—the whole credit and solvency of the British Government being guarantee for the perfect safety of the deposits.^[191]

As to *Despatch*. To the poorer classes, as much, and perhaps more than to any others, time is money. Their time is not their own, and now a few minutes may be stolen from the dinner-hour, or an opportunity may be snatched as the labourer passes to and from his work, to do that which before was no ordinary or agreeable task to him. The unparalleled convenience which attends the transaction of his business contributes to this despatch and this saving of his time. Should misfortune overtake him, he may withdraw the whole of his deposits within two or three days; should his occupation compel him, or his tastes incline him, to move frequently about from place to place, he has only to carry his bank-book about with him, and he may withdraw sums at his convenience at any Money Order Office in the kingdom; and thus, though he may have originally deposited his money at the Land's End, he may draw it out when at John o'Groat's, or in some remote nook of Ireland. This arrangement is, we understand, taken advantage of to a large extent. The advantages offered in the quick withdrawal of money is also a most important feature. Enormous sums of money are wasted by the poor in borrowing for an emergency; there can be no doubt that much money has been and is wasted even in waiting till the time arrives to get the money out of the ordinary Savings Bank. "If a poor person," says an intelligent writer, "wants 4*l.* immediately, he would give 25 per cent. for it." Few could lose in having to wait a couple of days for their money.^[192]

Then as to *secrecy*. None are more jealous of their little savings being known than the poorer classes: a large number of operatives have cogent reasons for secrecy, or, at any rate, privacy. Indeed, it seems to have been agreed upon that, if these classes cannot keep their savings quiet, many will not save at all. The wage-receiving class are naturally and properly averse to bringing their savings under the notice of their masters or their masters' friends. Savings Bank managers, even when not masters of workmen themselves, are generally local dignitaries well known to such.^[193] In the Postal Banks there is, or need be, no occasion for particular observation; the officials are required to conciliate confidence; to observe the strictest secrecy; and it is our conviction, gathered after no inconsiderable experience, that nowhere so much as in Government offices is the work conducted without distinctions of class.

Next to the advantages of which we have just spoken, is that secured by the arrangement to undertake the receipt and accumulation of *small sums*. A working man may now take his shilling to the Savings Bank as readily as his master may take his pounds, and the former will have no occasion to feel that he is made the object of a charitable clause. In seeking to bring a working man to put by a shilling in its bank, the Government hopes to induce a habit of saving, and may fairly expect to take his larger sums when saving habits have been induced. Mr. Gladstone's decision to take sums as low as a shilling was almost universally accepted as a wise one. Mr. Gladstone had long interested himself in the condition of the workman, and no one knew better than he that the labouring classes are not suddenly masters of whole pounds, and that, when they are in the act of accumulating it, the temptations to break in upon the little stock laid by are ever present, and are often too strong to resist.

So far the principles of this important measure are admirable ones, scarcely admitting of question, almost beyond criticism: they have rendered the action of the banks simple, facile, all-comprehensive, and ubiquitous. The *rate of interest* given is, however, perhaps on the border-land, as it were, between unquestionable and questionable policy. The interest given

to depositors in Post Office Banks is at the rate of two pounds ten shillings per cent. per annum, or one halfpenny per pound per month. That this rate is satisfactory to a large section of the people of this country, or that the other attractions of the Post Office Banks amply counterbalance the disadvantage of the low rate, is evident from the enormous sum—twelve millions sterling—deposited in those banks in little more than four years; at a time, too, when the old Savings Banks, which are enabled to pay ten shillings per cent. more than the others, have put forth their best efforts to keep the business in their hands, when all kinds of allurements have been held out to those who have surplus funds to dispose of, and when the rate of interest ruling in the Money-market has been, as it still is, exceptionally high. These facts ought perhaps to close the case, and make the interest rate, if not one of the recommendations of the measure, at any rate a part of the scheme which does not detract from its merits as a whole. As, however, this is a point upon which some little soreness is felt and expressed in different quarters, we may be excused for here urging a consideration or two.

This soreness has originated, to no little extent, from the consideration of the inequality of the rate allowed in the ordinary Savings Banks and the Post Office Banks; this feeling is kept up by the consideration of the fact, that that inequality still exists and is likely to exist. The old Savings Banks deposit their funds with Government, and are allowed interest on their money at the rate of 3*l.* 5*s.* per cent.; the Post Office Banks, of course, deposit their money with Government, and are allowed interest at the rate of 2*l.* 10*s.* per cent. Out of the fifteen shillings per cent. difference between the two rates, an average of half of it is given by the old banks to their depositors. Now it is well known that the average cost of each transaction in the Post Office Banks is little more than half the average cost of a transaction in the ordinary Savings Banks. If Government can still afford to pay the old Savings Banks the higher rate of interest, it might afford, at the lowest computation, to give ten shillings per cent. more to depositors in the Post Office Banks. If Government *cannot* afford to pay the higher rate, it ought to discontinue its charity, which, like all other charitable doles, excites discontent amongst those who think they have, *and really have*, the right *de facto*, if not *de jure*, to share it. That the rate should be equalized in one way or the other admits, we think, of little question; but that the Government should pay no more than it can pay without loss admits of less.

Reverting to the consideration of the actual Post Office Bank rate, it is perhaps unlikely that the small tradesmen class—except where such persons lodge their money at the Post Office merely for security—feels satisfied with it. Happily, however, this is a class which does not need to be considered, and which scarcely will be considered. The Government offers no factitious allurements or inducements to any class of the population; and if it did, would be certain to confine the inducements to those portions of the poorer classes who stand most in need of encouragement. And as for the rest, the Post Office Banks do not in any way interfere, as Mr. Gladstone has recently said, “with the labouring man's liberty of choice, or the liberty of choice enjoyed by anybody else; if he thinks he can do better with his money than by carrying it to the Government Savings Bank, by all means let him do better with it.” A low rate of interest is given for the principal deposited; but then that principal is guarded with uncommon security, and can be moved, added to, or withdrawn from, with the greatest possible convenience. And these terms, theoretically and practically, suit the industrious classes, whoever else they do not suit. Practically they meet the wants and satisfy the demands of a large section of depositors, or the banks would not have shown such an extraordinary amount of success. Nor are we in want of authorities who assumed, theoretically, that this would be so. “If Government give security,” said a shrewd witness before the Savings Bank Committee of 1858, “they should pay less interest, on the principle that Chubb's locks cost more than the ordinary ones.”

Dr. Chalmers took great interest, as our readers must already know, in Savings Banks. His argument was, that the ready receipt and payment of small sums together with safe custody was everything, and the rate of interest quite unimportant; he more than once said, that “the result of high interest had been to swamp our Savings Banks as a national system.” This question of interest was largely discussed in Mr. Slaney's Committee of 1850. In that Committee Mr. John Stuart Mill was asked whether perfect security or a high rate of profit was most sought after by the industrious classes; to which he replied: “In the case of the working classes no doubt security is the main object, and it is so in the case of all whose savings are small.” In the same Committee, Mr. J. M. Ludlow, an eminent barrister, gave it as his opinion that “the poorer a man is, the more important to him is the safety of his investment, independently of the question of profits;” and in answer to a similar question addressed to him, the secretary of a working man's building society said, that “the certainty of security is the most powerful inducement to investments among the working population.”

Thus, while it doubtless admits of question more than the other details, no serious fault need be found with that clause which provides the rate of interest to be given. Equalization in the rate of interest of all Savings Banks connected with the Government is far more necessary than that the standard of the one should be raised to the standard of the other. The days have gone by when any dole of charity should be held out to working men as an inducement to save: it is more than questionable whether those days should ever have arrived. The working classes do not want charity at the hands of the public; they long wanted security and reasonable facilities: and when these were provided, as they have been, they were willing that the rest should be left to themselves. All interest given more than the money

actually produces or may fairly earn, is repugnant to them; or if it is not, it ought to be *made* repugnant to them.

The deficiencies, if we may so call them, of the Post Office Savings Bank system, to which we promised to allude in closing this chapter, are those features which have been inherited from the parent system, and consist, of restrictions which, we think, are now as unnecessary and undesirable as they are hampering and vexatious. By section 14 of the Post Office Savings Bank bill it was ordered that "All the provisions of the Acts now in force relating to Savings Banks as to matters for which no other provision is made by this Act, shall be deemed applicable to this Act so far as the same are not repugnant thereto." Under this legislation all the restrictions which were thought—especially during the earlier history of Savings Banks—to be necessary to confine these institutions to the poorer classes, have been continued down to the present time. The principal regulations to which we refer are, the *Declaration* which is required from any one opening an account, and the *limitation of deposits* to 30*l.* in any one year, and 150*l.* in all; and that when deposit and interest together reach 200*l.* all further interest shall cease. The reader who may have followed us through our account will be aware of the reasons which actuated the Legislature in making these arrangements.^[194] These reasons do not now obtain. No steps are taken (and we have never heard that it is intended ever to take such steps) to confine the benefits of the Post Office Banks to the labouring classes. Why, therefore, these classes, or any other class allowed to deposit in these banks, should be restricted to any amount—or, at any rate, such a small one—it is difficult to understand. To the poor this restriction forms a barrier to saving habits; with regard to any other class, the amount might be as unlimited as it is in the Funds. As a set-off against the unremunerative character, to say the least, of small deposits, no limit should be placed on large ones. It is obvious, that the larger the sums invested the greater will be the success and the profits of the scheme, the more remote will be any prospect of loss, and the more certain will be the creation of a permanent marketable stock of Two and a Half Per Cents.

We are glad to find that this restriction has not escaped the notice of many who are entitled to be heard on the subject.

The Rev. G. H. Hamilton, who made, perhaps, the earliest modern proposals for Post Office Banks, suggested that the limit should be "from one shilling to ten pounds per day;" and since the passing of the Act he has made exertions, hitherto without success, to get the limitation extended to include those sums. Mr. Bullar, also equally entitled to respectful attention, has likewise made subsequent proposals having in view, to some extent, the granting of facilities for investing larger sums.

It is interesting to find that the Post Office Savings Bank system has just been introduced into our Australian colonies and not a little curious and instructive to find that some of the provisions go much further than we have yet ventured at home. The main feature of the "Post Office Statute, 1865," is an echo of the English Act, but in several of its provisions its scope far exceeds the latter in liberality. No declaration is needed; instead of 30*l.* in any one year, the colonial depositor in Victoria is only debarred from exceeding 50*l.* in a fortnight, and the interest given, which is at the rate of four per cent., is not withheld to any deposited amount under 1,000*l.* Liberal as are the colonial authorities in Victoria, those at Queensland far surpass them. In the Post Office Banks at Queensland there is no limit whatever to the amount which may be deposited; interest is allowed at the rate of five per cent.; and this rate of interest is paid on all deposits without limitation of any sort. Making all due allowances with respect to the relative position of our colonial possessions at the antipodes and the mother country, it seems clear that the former have advantages over us in the matter of their Government Banks, and we commend the example of the Victorian Legislature to our own, and trust that the only marked defect in our Act may soon be remedied.

[177] Whenever the Post Office of a village or hamlet is advanced to the dignity of a Money Order Office, it will also be opened for Savings Bank business.

[178] Up to the end of February last the total sum reached exceeded twelve millions sterling,—a sum which it took the original old banks, with no competition, eight years to realize.

[179] Thus, as we learn from an authentic account, in Bristol the old Savings Banks lost 700 and the Post Office Banks gained 2000 depositors; in Dublin the same relative proportions were 400 loss and 1,400 gain; in the county of Kent there was a loss on the one hand of 3,500, and a gain on the other of 9,300 depositors; in Middlesex, the old banks lost 12,000, and the Post Office Banks gained 42,000 depositors.

[180] *Report on the Post Office*, 1864.

[181] *Report on the Post Office*, 1864, p. 13.

[182] This Transfer was settled in November, 1863. The trustees and managers at a special meeting deliberated whether or not to carry on the Bank "under the increased responsibility imposed on trustee by the 11th clause of the Consolidation Act (1863), or to empower the managers to transfer the deposits to the Post Office Savings Banks." They resolved by a majority of two to take the latter step, and the transfer was made immediately afterwards.

[183] Since this Return was completed, the trustees of two other banks have given notice to close. The one, a small bank at Castle Wellan, in Ireland, and the other, the Leighton Buzzard Savings Bank, make, with the Huntingdon Bank, a total of ninety-eight transfers.

[184] The Huntingdon Savings Bank has given notice to close. The capital of the Hunts Saving Bank amounts to £60,000.

[185] The fullest information on these matters may be gathered, in cases where the reader is not thoroughly familiar with them, from many sources. In addition to the Act, and the Regulations for the Post Office Banks, three little manuals may be specially mentioned to which reference may profitably be made. (1) *Handy Book on Post Office Savings Banks*. London: Stevenson, 1861. (2) *Post Office Savings Banks: a few Plain Words concerning them*. London: Faithfull and Co. (3) *My Account with Her Majesty*. Reprinted from *All Year Round* and the *British Workman*.

[186] The well-known Form itself which in one piece of paper gives the acknowledgment, and folded, leaves room for the address, was designed and registered by Mr. Walshe, of the Post Office.

[187] Acknowledgments are received in most parts of England by return of post, or within thirty-six hours; in some parts of Cornwall and Wales two days, and in some parts of Ireland and Scotland three days, are required.

[188] The departmental arrangements for these cases, technically spoken of as "cross entries," need not be further explained.

[189] The depositor's book must, of course, be invariably presented in every transaction, and when the depositor has obtained repayment of all his balance the book must be given up in order that the account may be closed.

[190] We regret that we cannot find space to describe more minutely the system adopted, as also so much of the internal arrangements of the chief Savings Banks as have been permitted to be made public. We may say, briefly, however, that the Chief Savings Bank commenced operations in a part of the building at St. Martin's-le-Grand, but was soon driven to seek more accommodation. Its location is now in St. Paul's Churchyard, where, in spite of large premises, we believe, it once more became restricted as regards room, and has since acquired additional space. The office is presided over by a Controller, who is aided by an Assistant Controller and two principal clerks. The staff comprises a large number of permanent clerks of different grades, and an enormous number of temporary clerks employed upon the more routine work. The office itself is divided into four branches,—the Deposit Branch, the Withdrawal Branch, the Account Branch, and the Correspondence Branch. For the benefit of all those who are interested in Savings Bank management, we hope that an interesting paper, read by authority, by Mr. Chetwynd, the first Controller, before the Congrès International de Bienfaisance, in June, 1862, may soon be reprinted. It gives every detail which it is desirable to know.

[191] The operations have not been carried on altogether without fraud. The cases, however, only serve to show how secure the depositors really are from loss. In 1863 the then Postmaster of Beverley embezzled Savings Bank money, when the authorities at once announced to the depositors that it should be made good. This instance, and another in which a clerk was concerned, are, we believe, the only cases of the kind; but if they were constantly occurring,—which it is now next to impossible they should be—it would not matter a pin-head to depositors, who, the moment they pay in their money into the Post Office, and obtain a deposit book, stake that money on the National credit.

[192] The facilities existing for withdrawing accounts from one class of banks and placing them in the other tend also to despatch and convenience. By means of transfer certificates, to be had at any Savings Bank, a depositor may transfer his account without ever seeing his money.

[193] The Secretary of a Workmen's Building Society was examined before Mr. Slaney's Committee (1850) on the *Investments for the Savings of the Middle and Lower Classes*, when the following evidence was elicited:—

"I think that one reason why the labouring man does not invest in the Savings Bank is, that the fact of his being able to save money is used as a pretence why his wages should be reduced, and he carefully excludes from the knowledge of his employer that he is able to save. I have found that the workmen of one district go to a distance to find a Savings Bank, and will not go to their own. Their names are called loudly and officially, and it becomes whispered about that so-and-so is a saving man, and may therefore work for less wages."—*Vide Evidence of Mr. W. Cooper*.

[194] *Vide* p. 59.

CHAPTER X.

ON GOVERNMENT INSURANCE AND GOVERNMENT LIFE ANNUITIES.

"It is difficult to estimate too highly the importance of the tendency of the people to save their earnings, or the duty of removing every obstacle and affording every facility to its operation. It is a matter of deep interest to the State; for the man who has invested a portion of his earnings in securities,—to the permanence and safety of which the peace and good order of society are essential,—must be a tranquil and conservative citizen."—W. RATHBONE GREG.

"Ah! who can tell how many a soul sublime
Has felt the influence of malignant star,
And waged with fortune an eternal war!
Checked by the scoff of pride and envy's frown,
Or poverty's unconquerable bar,
In life's low vale remote, has pined alone
And dropt into the grave unpitied and unknown."—BEATTIE.

PROPOSALS for a Government Insurance Office, like those for National Savings Banks, are not, as many have been led to think, the product of the thought of the last few years. In 1807, for example, Mr. Whitbread, in bringing forward his Bill for Poor Law Reform, earnestly advocated, that, together with his plan for the investing of their savings, some means should be provided for the poorer classes by which they might insure their lives under the responsibility of Government. Both as regards his plan of Savings Banks and his plan for Government Insurance, Mr. Whitbread was fully half a century before his age. The different schemes for the purchase of Government Annuities and the Acts under which they were carried out are already familiar to the reader. The Act of 1834 we may repeat, however, was the beginning of legislation on the subject. The principal emendation^[195] in the Act 16 and 17 Victoria, c. 45, passed in 1853, was supposed to be in the introduction of a clause providing that a person buying a Government Annuity could also insure the payment of a sum of money at death. Notwithstanding this amendment, the Act was not nearly so productive of good as might have been expected. In the matter of Insurances effected under the arrangements of 1853, the Act has been for all practical purposes quite inoperative; and from 1834 to 1864 the whole of the annual payments in respect to Annuities did not reach 200,000*l.* In the latter year 6,500 annuities were in force, the amount represented by this number being 140,000*l.* This is, in brief, an account of how matters stood in 1864; and it is little wonder that it should now begin to be felt that some fresh steps were required; that there should be an entirely new organization for the work; and the abolition of all unnecessary restrictions, especially that which required that a person must deal perforce both in insurances and annuities. The institution of Post Office Banks, which had been rendered possible by the superior organization consequent on the introduction of postage reform, had already demonstrated how the Post Office machinery could reach every part of the country, and how well it could bear the additional weight put upon it. Nor was this all. From the experience of two or three years, those who were best able to judge of the burden this machinery could bear without difficulty were those who now proposed to add fresh wheels and contrivances to be worked by the already existing motive power.

A few words will suffice to show how the further proposals which we have to describe in this chapter were originated. Government Annuities at this time were, under the authority of an Act spoken of in a previous chapter, allowed to be granted either directly through the National Debt Office or through the medium of the ordinary Savings Banks. To a certain extent many of the Savings Banks had availed themselves of this Act, and granted both Immediate and Deferred Annuities. Among the banks which, as we have already shown, transferred their business to the Post Office Savings Banks soon after the establishment of the latter, were some which had done a little of this business; the question thereupon arose whether the Post Office Banks should not take up the duty which devolved on the old banks, and receive the payments for the Annuities as they fell due. The result of this was, that the gentlemen who in the Post Office had organized and so far directed the machinery of the Postal Banks not only proposed to carry on the business which others had in this way begun, but they advised that the operations themselves should be extended, and that this extension would be a legitimate offshoot of their original scheme. Mr. Scudamore and Mr. Chetwynd, the gentlemen in question, held that if the Post Office Banks were to become agencies for the purchase and payment of Annuities, there would be a considerable increase in the number purchased. They then proceeded to sketch the outline of a plan on which it would be possible to undertake the work, and showed how the course of the business in respect to the Annuities would be easy, simple, and comparatively inexpensive. The most important feature of the plan was, that the purchase and payment on account of Government Annuities should have no immediate connexion with the Post Office Savings Banks; and that the purchasers of the former should not necessarily be depositors in the latter.

With regard to Insurances, the following sentence occurs in a report which, referring to Mr. Whitbread's proposals, the same gentlemen presented. "We believe that the time may come when the propriety of attaching to the Post Office Savings Banks a scheme of Life Assurance will again be seriously considered by the Legislature. The frequent appearance and disappearance of bubble insurance companies, which have been productive of very

disastrous consequences during the last few years, may probably induce a serious consideration of the subject at no very distant date."

When the Commissioners of the National Debt came to speak of the former of these proposals, they reported "that in their judgment, the greater the extent to which the system of annuities can be carried, the greater will be the amount of benefit conferred on that class of the community on whose behalf and for whose security it was the pleasure of Parliament to authorize the grant of such Annuities through Savings Banks and by this department. The machinery of the Post Office will give the opportunity to Lord Stanley largely to extend these benefits, and the Commissioners will gladly unite with him in doing so."

On the 11th of February, 1864, Mr. Gladstone took up this further scheme—the matter of Insurances and Annuities having been combined in the plan of operations prepared, during the interval. He then moved for leave to bring in a "Bill to amend the laws relating to the purchase of Government Annuities through the medium of Savings Banks." The Chancellor of the Exchequer briefly explained his object in bringing about the new measure. He wished, without any unnecessary interference with private establishments, to assist in offering increased facilities for the extension of frugal habits among the industrial population. This had been the principle upon which Postal Banks had been founded, and now this new scheme might be regarded as an extension of the principle. Mr. Gladstone wished, "under the altered circumstances of the times and the improved machinery at command, to further other measures intimately connected in their ultimate object with the Savings Banks themselves." Sums, he explained, could at present be received both for the purchase of annuities, and even for the granting of life insurance policies, but the arrangements were hampered by restrictions so as to render the law almost inoperative. Thus, Deferred Annuities could only be purchased in large amounts, and Insurances could only be effected where the persons had previously purchased these Annuities. He thought it quite possible to alter the system so that *small* sums at frequent intervals might be received; and not only so, but the restriction as to effecting an Insurance, which was not only inconvenient, but unreasonable in itself, might be done away with. The person who wanted an Insurance was not the most likely person to want an Annuity also; they were, indeed, generally people of different classes, or at any rate different habits of mind. The Chancellor of the Exchequer, after stating that he would give these increased facilities and remove this unnecessary restriction, obtained leave to proceed with the measure.^[196]

His simple statement of the scheme was not long in securing ample criticism; some of it was friendly, much more of it adverse. Then a certain class of Insurance Offices and the principal Friendly Society organizations believing their institutions menaced, set to work to get up an agitation. The measure was represented by one class of persons as embodying the very questionable principle of Government interference with private enterprise, and taking as it were the bread out of the mouth of institutions specially got up for such purposes. Others pretended to criticize the proposals disinterestedly; they dwelt on the difficulty the Post Office would find in attempting to do the work, and that, if officers of higher attainments were obtained, they would require proportionately higher remuneration. Savings Bank deposits *might* be managed, though that was not thought likely three years before; but how all the details of Life Insurance proposals and the intricate calculations necessary to the Annuities business could be got through, was above comprehension! It was represented by leading articles in influential papers that there would be but a poor security against fraud; little supervision, and probably that little would not be exerted; and everybody would conspire to defraud the Government. "As it is intended," said one respectable organ, "to assure the lives of the poorer classes chiefly, all payers of poor-rates and officers of the Poor Law Unions would have a bias, *to say the least*, in getting those persons assured who would otherwise be likely to leave their families a burden upon the parochial funds." "It cannot be denied that a few isolated instances of bad faith have occurred among insurance companies, yet as a class there is none to excel them for high and honourable dealing, and there is no pretence for interfering with their operations or invading their privileges. Why should not Government open a drapery or a dry-goods store?" This latter effusion, which appeared in a letter to the *Times*, was prominently printed, and headed, "A New Instance of Proposed Paternal Legislation."^[197] A more organized opposition soon, however, showed its face. The actuaries of some of the Insurance Companies met and discussed the measure, and came to the conclusion that, as it might only be the thin end of the wedge, the measure ought to be opposed. The smaller Insurance Companies eagerly fell in with this conclusion. During March petitions were got up in great numbers from Insurance Companies and Benefit Societies, and when they were presented to the House of Commons several voices were raised in support of their prayer.

On the 4th of March, Mr. Gladstone moved the committal of the bill. Mr. Turner, Mr. Powell, Mr. T. Hankey, Sir Minto Farquhar, and several other members, protested against going on with the bill without an opportunity for full discussion, and most of them expressing great dissatisfaction with the Government proposals relating to Life Insurance, the Chancellor endeavoured to separate the bill into two parts, to pass that having reference to Annuities, and to defer the consideration of the clauses relating to Insurances to a subsequent period. The debate was adjourned.

Three days afterwards Mr. Gladstone made a long and elaborate speech in defence of his proposals, and addressed himself with great earnestness and power to the task of

disabusing the public mind of the many erroneous impressions which within a very short time had taken possession of it. The history of his proposals was a short and simple one. In the autumn of the previous year the Registrar of Friendly Societies, in his Report for 1862, had recorded an unusual number of very gross abuses and violations of trust on the part of those Societies. The Report was in fact full of a multitude of complaints from persons in all parts of the country, who called for redress. So important had the facts been regarded that at least two important journals^[198] had published several articles calling attention to the scandalous condition of these institutions. It had been suggested to him (Mr. Gladstone) that the subject of small life assurances, having already received in principle the sanction of Parliament, ought, under these circumstances, and the fact of an excellent machinery in connexion with the Post Office being ready for use, to be again considered by the Government. He agreed with this view of the case, and had now proposed to take action upon it. It is almost impossible to give an account in detail of the speech which followed; next to the Budget speech, it was the longest which Mr. Gladstone made in the session of 1864. We can, however, and ought to describe its principal points. Mr. Gladstone observed that no one considered Savings Banks, Annuities, or Insurances to be, abstractedly, matters desirable for the Government to deal with. But the Post Office Savings Banks which that House had legalized, though interfering distinctly with other interests, had produced great and lasting results; so likewise had the Factory Acts, though they likewise had greatly interfered with the liberty of private action. This bill, however, prohibited nothing whatever. "I do not deny that it is Government interference, or that it requires justification or apology; but I do deny that we are to be frightened and terrified by clamours respecting centralization, or respecting undue assumptions of power by the Executive." "All that is requisite in such a case is to show that what the Government proposes it can do safely, and likewise that what it proposes it can do justly." Well, this bill, which was represented as entirely novel in principle, simply offered to such members of the community as chose to avail themselves thereof, certain facilities for self-help. It had not grown out of any consideration of the case of Assurance Societies, but from a consideration of Friendly Societies, and of the wholesale deception, fraud, and swindling perpetrated upon a helpless and defenceless portion of the community.

Mr. Gladstone then referred to some depositions of the largest Friendly Societies that had waited upon him, and begged him not to interfere "with private trade and private enterprise;" and answered that these very societies were virtually and substantially subsidized by the Government. After showing that they were exempted from different duties, and received, like Savings Banks, more interest from the money invested with Government than the money realized, Mr. Gladstone held that nothing could be more plain than that Parliament was justified in looking to their circumstances. The country was overrun with them, and it was necessary to inquire if they were safe. Instead of finding them safe, he found them promising to pay amounts of interest which it was impossible to pay under fair and honest management. Such were the reasons which had induced him to interfere. He had, however, chosen a very mild form of intervention, and, he thought, a proper time for the remedy. The remedy, indeed, in this case was precisely analogous to that adopted in the case of the Post Office Banks.

"In the case of the Post Office Savings Banks," said the right hon. gentleman, "we had to deal with Loan Societies offering the most attractive terms to the public, promising them a rate of interest which could not possibly be paid under any sound and honest management, and then ending in disappointment or ruin. We did not attempt the foolish task of prescribing laws by which all Loan Societies should be regulated, and under which alone the poorer classes of the community should be permitted to lend their money. That was utterly impossible. You could not possibly defend the poor man against the abuses and dangers into which he might choose to run head foremost with his eyes open; but what you did was this:—you said, 'It is but just to them, and it is expedient and politic in the highest sense, in discharge of the most sacred duty of the Legislature, that we should give to the poor man, to the owner of small savings, the advantage of a scheme which will possess no meretricious attractions, which will not promise a high rate of interest—on the contrary, the rate will be a low one—but which will offer an absolutely certain security.' That is precisely the basis of the scheme now before the House."

After describing the success of the Postal Banks, and speaking of those who had taken the principal part in carrying the measure into practical operation, and arguing from their success, their ability, and their judgment, that the same persons were entitled to the confidence of Parliament, Mr. Gladstone went on to rebut many of the objections and arguments which had been advanced against the plan. He showed that the Post Office could, equally with the great majority of existing Insurance Societies, attend to the selection of good lives; that the attitude of the leading Societies in regard to his proposals was either that of neutrality or favour. He said that the smaller Societies had protested loud enough; but, he asked, what cause had they to be afraid of Government competition? "We cannot possibly offer such terms as they can; on the contrary, we must exact such conditions as few private Societies ask." He offered, however, perfect security; and if that was a thing valued by the people, there was no reason why it should be withheld. Besides, however, this perfect security, Mr. Gladstone pointed to two other considerable advantages which the Government would offer, viz., more favourable terms on the dropping in of policies, and facilities for the migratory portion of the population, similar to those we have seen

depositors possess in the case of the Post Office Banks.

After speaking of the steps which would have to be taken to guard the Government against loss, and to make the measure entirely self-supporting; after referring to what he called the "fugitive character" of many insurance companies, and eloquently denouncing their proceedings; to the failure of numerous Friendly Societies,^[199] and the ruin and disappointment entailed on thousands thereby, Mr. Gladstone brought his long and remarkable speech to a conclusion by summing up as follows:^[200]—

"I have endeavoured to prove that Parliament by legislation is seriously compromised and responsible for the present state of things, and is bound to do what it believes to be best to mitigate the evils of that state of things. I have endeavoured to show that the plan which I propose, if it does compete with sound institutions, must so compete with them at a disadvantage from the essential conditions under which it is right and proper we must work. I have endeavoured to show that the wide field of the labouring classes is not occupied by sound institutions—nay, that it is not fully occupied even by sound and unsound institutions, such is the enormous breadth of the subject. I have shown, I think, that the present condition of many of these Friendly Societies—indeed, I might go further, and, speaking generally, might say that the present condition of these Societies is more or less unsatisfactory. Some of them we cannot call merely unsatisfactory, but must term them either rotten or fraudulent. It is impossible for the State to assume the direction and regulation of these Societies so as to secure in the management of their affairs a safe method of assurance; and what we propose is, I believe, the most prudent, the safest, and the most satisfactory mode of proceeding that can be adopted. I make my appeal not to any one class, or to any party. I forget that I am a member of the Government, except so far as regards my responsibility as such. I recollect the sacred trust we have in hand, and I entreat honourable members to keep in view the serious nature of that trust, the importance of the object, and the consequences involved; and I am certain they will not be prevented by any sentiment of political or party feeling, or of hostility to the Government, from giving their careful consideration to this question, and from determining in their own minds and hearts how the British Legislature can best acquit itself of this important part of its obligations to the mass of the British people."

Mr. Sheridan, after replying vehemently to what he called a personal attack on himself on the part of the Chancellor of the Exchequer when dealing with unsound societies, disputed the need for the measure no less than the principle upon which it was founded. As the spokesman of Insurance Offices and Friendly Societies, Mr. Sheridan further contended that the Post Office would never be able to manage all the details of the business, and that, even if it did, the Government must eventually be losers. "They might shut their eyes for a time," said the member for Dudley, "but Government would ultimately have to come to that House with shame, and with something like humiliation, to confess that their experiment in commerce had failed, and that the result had been to saddle the shareholders with a loss—those shareholders being the already overburdened taxpayers of the country."

Lord Stanley avowed his approval of the principles of the bill. He thought it a great experiment, but an experiment which might very possibly result in a reduction of pauperism. He urged the fullest discussion; said it would do the bill no harm, but might on the contrary tend to perfect its provisions. The speech of Mr. Gladstone too, he thought, was a reason why the matter should not be hurried. Mr. Gladstone had made statements which, however true they might be—"and I am afraid that there is a good deal of truth in them—I wish I did not think so,"—might require to be answered, and to give an opportunity to answer them would only be fair play. After pointing out one or two defects in the provisions, Lord Stanley promised his valuable aid by saying, that he should be prepared to go into Committee on the bill with a very sincere hope that it would pass, and that they might find it, or make it, a workable scheme. *Mr. Hibbert* and *Mr. Roebuck* both warned the House against suffering a "Constitutional Government" to be converted into what was termed a "Paternal Government." In a characteristic speech, the latter gentleman held that whatever concerned the individual was best left to be done by the individual himself; that the Government was sure to fail, as it had failed before, in interfering in matters of this kind; and that the effect of such measures would be to make the people a set of helpless imbeciles totally incapable of attending to their own interests. *Mr. Newdegate* and *Mr. W. E. Forster* approved the measure, but urged full consideration of it. *Mr. Bovill* spoke very strongly in favour. He believed, from the facts which had come within his own knowledge and had been elicited in courts of law, that Mr. Gladstone had rather understated than overstated the delinquencies of Friendly Societies and Insurances Companies. One of the effects of the Chancellor's speech, he thought, would be that a cloud of error and prejudice which had been raised against the bill would be dispelled. On the other hand, Sir Minto Farquhar, Mr. Ayrton, Mr. Urquhart, Mr. Henley, Mr. Baines and others, either expressed strong objections to the bill as a whole, or else took exceptions to some of its provisions. The debate was then adjourned.

During the interval, and when the bill was under discussion in the House, a great meeting of the working classes was called in London, and held in Exeter Hall, Mr. Ayrton presiding. The object of the gathering was to petition against the measure; but independent working men—by which is meant those who had no interested motives in opposing the scheme—mustered so strongly on the other side, that the Chairman could not decide on which side the majority lay. There were other public meetings held, some in favour, others in opposition; and although hundreds of petitions were presented from members of Friendly Societies, most of which were got up on one form, there were many others of a far more important character

emanating from Corporations and Boards of Guardians, who expressed a hope that the House would not withhold so great a boon to the working classes.

On the 17th of March, *Sir Minto Farquhar*, in a long speech, moved that the bill should be referred to a Select Committee. *Mr. Horsfall* seconded the motion. Both members replied to Mr. Gladstone's attack on Friendly Societies, though with little effect. Several members warmly supported Mr. Gladstone, and thought no cause had been shown for delay. *Mr. Estcourt*, while approving the principles of the measure, saw great difficulties about it, and thought it ought to be referred to a Committee. *Mr. Göschen*, in an able speech, which showed that he had mastered the subject in all its bearings, answered the objections which had been raised to the bill, and said that though he represented in that House more insurance managers and directors than any other member, he was not afraid to say that the opposition to the bill was entirely owing to the efforts of those who fancied it would deal a blow at their private interests. He was convinced of the wisdom and policy of the measure, which was well worthy of the character of the right honourable gentleman who had proposed it, and which would without doubt leave a mark on the history of the session. The debate was again adjourned.

A month afterwards the debate was resumed by *Mr. Ayrton* in a very long speech, during which he attacked the Post Office Savings Bank system; stated that just when they were most prosperous, 1859 and 1860, Government had brought out their scheme, which was working and would continue to work with telling effect upon the old banks. So with the present proposals; they would interfere with safe private agencies. "The Government would pursue a much better plan," continued Mr. Ayrton, "if they were to encourage the establishment of associations among the people themselves; for it was through the exercise of local administration that a nation became most fitted for the enjoyment of political rights." In place of this, "they proposed to place a stipendiary of the Crown in every parish and hamlet to institute an examination into the private affairs of individuals." *Mr. Hubbard* thought the proposed measure one which they ought and might very well entertain. He looked upon it simply as an extension of the principle of the Post Office Savings Banks, which had now received the sanction of the entire country.

Mr. Gladstone then replied. After referring to some of the objections that had been made to the measure itself, he said he would not object to submit it to a Select Committee; but he could not consent to refer the whole subject-matter to a Committee, as that would indefinitely postpone legislation on it. He believed that the public were growing more and more in favour of the plan, and that this feeling would be increased as its objects and provisions became better understood. He also stated that, during his long public life, he himself had never received so many letters as he had upon this measure from all classes of the community, and all expressing approval and gratitude for it. A few days afterwards a Committee was appointed, to consist of Mr. Gladstone, Mr. S. Estcourt, Mr. M. Gibson, Mr. Henley, Sir M. Farquhar, Sir S. Northcote, Mr. Horsfall, Mr. Göschen, Mr. Charles Turner, Mr. H. Herbert, Mr. Hubbard, Mr. Sheridan, Mr. Ayrton, Mr. Hodgkinson, and Mr. Paget.^[201] After an ineffectual attempt to enlarge the scope of the inquiry, which partook of the nature almost of a party struggle,—104 members voting with Sir M. Farquhar, and 127 with the Government—the Committee commenced its sittings.

The bill as amended by the Committee was passed on the 20th of June. On this occasion many of its members described the benefit which the bill had received from the inquiry, and none now complained of the limited nature of that inquiry. It originally consisted of three clauses; it came out with seventeen, sixteen of which were new. It provided that no policy of Life Assurance should be granted for more than 100*l.*; and, not to interfere unnecessarily with Friendly Societies, that none should be granted for less than 20*l.* *Mr. Estcourt*, especially, warmly espoused the measure. "No one now more desired to see it passed than he did. If a master or employer wished to make a provision by way of annuity for a faithful servant in his old age, he could do so with perfect security under the bill." He also thought, "that if the working classes of this country did not derive great advantage from the measure, it would be their own fault." *Sir M. Farquhar* was equally hearty in his praise of the scheme, and speaking of Mr. Gladstone said, "The country had every reason to thank him." Mr. Gladstone observed, that it was a matter of great satisfaction to him that as the bill entered the House in peace and quietness, so it was likely to quit it with general expressions of good will.

The bill was carried through the Lords under the charge of Lord Stanley of Alderley, and, passing through its several stages without discussion, received the Royal Assent July 14, 1864, and arrangements were ordered to be made to carry its various clauses into practical operation.

During the long recess the Tables were prepared under the eye of the Commissioners for the Reduction of the National Debt; and, working in harmony with the Commissioners and with a common purpose, the Post Office authorities at the same time arranged the Regulations under which, and the organization by means of which, the whole of the plans should be carried out. The Regulations themselves were, we understand, arranged under the immediate superintendence of Mr. Scudamore, one of the two gentlemen who organized the Post Office Banks; the machinery chosen for the purpose was that of the Receiver and Accountant-General's department. At the commencement of the session of 1865 both the Tables and the Regulations were laid before Parliament and received the proper sanction.

The Tables, like all ordinary Insurance Tables, show the various kinds of benefit which Government can now offer to the community, and the price at which these benefits may be purchased. The Regulations, on the other hand, describe the means to be used to obtain these benefits, and give in full the conditions under which any kind of purchase may be made.^[202]

The principal features of the new measures taken together may be stated, simply, to consist in a person now being able to insure his life for any sum between 20*l.* and 100*l.*; that he does this on Government security; that he may do it without buying an annuity; that he may pay his premiums of insurance in almost any amount, and at almost any period that will best suit his convenience; and lastly, that, attended with the same facilities and advantages which only an institution like the Post Office can offer, a person may now purchase a Government Annuity, either immediate or deferred, of not more than 50*l.* a year, either with or without the proviso of "money being returnable" in the event of death before the annuity falls due.

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It only remains for us to seek to draw the attention of our readers to the special inducements which the Government now holds out to the practice of a wise economy and frugality, prefacing our account with the remark that a careful study of the "Regulations" from which we glean it, will well repay any time or thought which the masters of workmen, as well as working men themselves, may give to them.

And first as to *Insurances*. In the course of a short period,—for the offices for the transaction of both kinds of business are being opened rapidly,—every one of the three thousand and odd money-order offices of the United Kingdom, embracing, as is well known, every large village as well as the numerous receiving offices of our large towns, will be formed into an Insurance Agency. When this is the case,—and to a great extent it is so already,—any person, whether male or female, and *both* if man and wife, of not less than sixteen years of age and not more than sixty, will be able to propose for an insurance on his or her life in a sum of not less than 20*l.* and not more than 100*l.* The steps which a person proposing to insure must take in those places already on the list, and the steps which must universally be taken when the whole of the agencies are arranged, may be easily comprehended, and need but few words. If he wants to insure on the security of Government, he must go to the nearest Post Office and apply for the proper printed form. With this form, to which is attached every necessary instruction for his guidance, almost all his trouble begins and ends. It is true that the questions propounded are many, and that they are most minute, and may be thought by the poorer classes who are unused to this sort of thing unnecessarily precise and tantalizing. Any one, however, familiar with the routine of the ordinary Insurance Societies, will not fail to see that the Government are scarcely more rigid than they are, and that, if there are more questions to be answered, it is simply because of the varied modes and unique facilities now first offered to the choice of the insurer. The insurer must fill up this form, and must further produce certificates of age or baptism, and furnish the names and addresses of two householders who know him and can speak as to his identity. What follows, and indeed a great part of the foregoing, is simply the course followed by all well-managed Insurance Offices in the kingdom. The proposal is forwarded to London, the referees are corresponded with, and, if all seems right and straightforward, the person seeking an insurance policy is desired to present himself before the appointed medical referee in order to go through the indispensable examination. The doctor examines the proposer, questions him to the extent he thinks proper, takes down his answers, and then gets the person to sign his name to what may be called his deposition. If nothing unsatisfactory occurs, the policy is made out in the way the proposer originally desired.

The contract being duly drawn up, the insurer may pay his recurring premiums at any of the Offices which have been opened, or which may be opened, as shall at any time be most convenient to him. As in the case of Savings Bank depositors, the life insurer will be furnished with a "Premium Receipt-book," and whenever he makes a payment he must produce this book, when the clerk or postmaster will enter the amount, sign his name in the way of receipt for the payment, and stamp the date of the transaction and the place of payment with the ordinary official dated stamp. With regard to the time at which the insured must pay his premiums as agreed upon, whether yearly, quarterly, monthly, or fortnightly, the arrangements are necessarily strict; but every means will be, or at least ought to be taken, to make him understand his agreement. If he should fail, say through forgetfulness, to make his payment, he will not be hardly dealt with; for, on an application that the contract may be renewed and the production of evidence of good health, the Postmaster-General will renew the contract, only fining the person in the sum of four shillings if he is insured for 60*l.*, and eight shillings if he is insured for more than that sum.

Once more: should the insured wish to surrender his policy, he will be allowed to do so after the expiration of five years from the date of it, and will receive at least one-third of all the sums he may have paid during the time he has held it. The authorities have not as yet, we believe, stated exactly how much they will be able to offer for surrender policies; but this is scarcely a matter which can be considered pressing, as no policy will acquire a surrender value till 1870.

Then there are the *kinds* of payment under which a person may now purchase the benefits of

Life Insurance through the medium of the Post Office. And certainly the most important arrangement, associated as it is with several novel features, is that of paying down the premium in one sum. Not that this need be the whole transaction of a proposed insurer. He may make his policy, if we may employ such a term, *cumulative*. Thus, if a person doubts whether he will be able to pay regular premiums for a number of years, he may perhaps be able to effect a small insurance, say of the lowest sum allowable, 20*l.*, by the payment of a single premium. He may afterwards find himself able at subsequent periods to effect another small insurance,—and this he will be allowed to do, even if it only be to the extent of five pounds,—and may thus, whenever he has the money to spare, at regular or irregular intervals, go on increasing the original amount in transactions which, while complete in themselves, continually augment the sum to be received at death.^[203] We are not informed in *Plain Rules* whether the insurer will in each case have to pass a medical examination, or produce certificates of health; but there can scarcely be a doubt that he will be required to do one or the other. The proof of age, however, and other particulars which the insurer furnished in the first instance, will doubtless suffice for all subsequent negotiations.

The principal objection to insurance effected by a single payment, at any rate among the poorer classes, is apparent. It is not that they can make better use of their money; as a security against an early death or reduced circumstances no better investment could be found for a working man who is in possession of a sufficient sum with no pressing need for it. The real difficulty is the one of keeping his savings until they amount to a sum sufficient for any object of this kind. Here, however, the institution of Post Office Savings Banks may be of service; and this has not been lost sight of by the authorities, who offer them as a medium for the collection and keeping of such fugitive sums as may be most easily spared with a view to taking a Life Insurance premium. Thus, all a workman has to do is to put his savings into the Post Office Banks in such amounts and at such times as will best suit him; and when he has saved a sufficient sum for the purpose, the Postmaster-General will direct that the transfer of the amount shall be made from the Bank to the Insurance Office without the necessity of the depositor seeing the money. Of the general plan of paying the premium in one sum we cannot speak too highly. Those whose wages or salaries are not fixed and regular, or those who are liable to be thrown out of work—and few are not—could not do better than employ their savings in securing such a provision; and the younger the better, seeing how young and old are alike taken in the grip of the Destroyer. Not the least of the advantages following from this kind of insurance are the absolute freedom from all risk of lapses, from either carelessness or more serious causes, and the fact that the policies on this principle will have the highest surrender value.

Should the person wishing to insure not like, or liking not be able, to take out a policy after this fashion, he may choose one of several other methods. If he thinks he can more conveniently pay a small premium every year, he is at liberty to do this in different ways. If at thirty years of age he will pay a pound a year, he may secure for his friends forty-three pounds at his death; if he prefers to pay two shillings a month, he will secure forty-six pounds; and for an annual payment of two pounds six and sevenpence, he may secure payment of 100*l.* to his nearest relatives, *immediately on proof of death*. Again, if a person thinks, as many do think, that his payments should cease at a certain age, he may insure on that principle. Commencing at thirty years of age, and paying two pounds thirteen and tenpence a year till he is sixty, he may secure 100*l.*; by paying two shillings a month, between the ages of thirty and sixty, he may effect an insurance of forty pounds at death. It will be understood that these are only a few specimens of the working of these Tables, given more especially to show the characteristic features of the plan. By consulting the Tables themselves, any person may plainly see how it will affect him to insure by any of the above methods; and he may calculate his payments either at the times we have given, or at other times, such as half-yearly, quarterly, fortnightly, or weekly, with great nicety.

We will only refer at any length to another very important provision made for the carrying out of this useful and important public measure. It has to do, as indeed almost all the provisions have, to a great extent, with the wants and necessities of working men, especially such as must pay their premiums by small and frequent instalments. Seeing that working men are proverbially slow to look the distant future in the face, we urge, in the strongest terms, the claims of the provision in question on the attention and study of all large employers of labour. In no way could masters better fulfil the heavy moral responsibilities under which they lie to the less educated portions of society whose energies they employ, than by co-operating with them in the way of advice and assistance, in such a plan as that which remains to be described. The arrangement in question has doubtless been suggested by a scheme which, for several years, has been in full and excellent working order in the Post Office itself. We think it was in 1859 that Mr. Scudamore of the Post Office devised a plan, which was approved by the then Postmaster-General, by means of which and the concurrence of a large number of first-class Insurance Companies a considerable number of Post Office *employés* were enabled to make suitable provision for their families. In connexion with this plan, substantial assistance was given, to those who took this rational and necessary step, out of the Void Money-order Account. Under the arrangements then made, the Insurance Companies give the required policies to any officer of the Post Office, without any *direct* or preliminary payment, looking to the Post Office authorities entirely for the collection of the premiums as they become due; the latter, on their part, deducting the payments at such times as are agreed upon from the regular salary or wages of the assured persons. Thousands of Post Office officials, from the highest to the lowest grades, have

insured their lives on this principle; they are not only assisted to do so, but secured from all risk of default, while the deductions are so small as to be scarcely perceptible.^[204] The success of the plan has led to its partial adoption by the proprietors of large private mercantile establishments, where it works well; and this again has doubtless led to the extension of the plan, by means of the Act and the machinery we are considering.

It is now perfectly easy for any of the other Government departments, for railway companies, merchants, manufacturers, and other large employers of labour, to make arrangements under the 32d clause of the Regulations, to do for their workmen (and we are at a loss to understand why this has not been done before) what the Post Office authorities have done for their servants. The clause to which we have alluded provides, that if boards of management or masters of workmen will undertake to collect the sums by means of deductions from the wages of their officers or servants, with a view to paying the premiums over to the officers of the Postmaster-General, then the latter shall, "if he think fit, make arrangements with the said employers for such purpose, and shall constitute the departments, offices, or places of business of such employers, offices for the receipt of proposals, and for the receipt of premiums and instalments; and shall pay to such employers such remuneration for the work done by them, or their officers or servants, as shall be agreed upon between him and them."

Surely, with all such facilities, and with such inducements to the workman to make provision for those who are nearest and dearest to him,—this provision to be payable at once, on the security of the nation, when he is no longer able to contribute to their support,—little persuasion should be needed to make him do that which is now one of the first duties of a man who has a wife or family dependent upon his exertions. It is only too true that workmen and the less educated portions of the lower middle classes may be blinded and cajoled into believing that those institutions will serve their interests best which, depending upon all kinds of meretricious attractions, promise immediate benefits for little payment, but only end in disappointing, if not in swindling them. It seems to us, however, that those who, like the majority of large employers, have both the capacity and the opportunity for directing these classes aright, are not only warranted, but, in all fairness, are expected to attempt to do so.

We must now speak of the Regulations for the purchase of *Government Annuities*. It is well to make provision for our families after we have left them; it is no less wise to make some provision for old age, or for the misfortunes of life. Many a working man, taking the expression in its widest significance, sees little before him in the future but a life of hard, unyielding work. There is a time, however, after which bodily strength must rapidly fail, even supposing that nothing has occurred during his years of toil to break him down prematurely: many a hard worker lives on long after the grasshopper has become a burden, and is little cared for, it may be, if he has never cared for himself. Let philosophers inveigh as they will on the selfishness of such conduct, that man has acted wisely who, under some such circumstances, has taken care to relieve himself of thought and much anxiety by having something in the shape of an Annuity to look forward to in his declining years. "Most men, as old age comes on, find themselves every year less and less able to procure by their labour those comforts which every year become more and more necessary to them. A man, by paying small sums out of his earnings while he is strong and active and in full work, may purchase an Annuity to commence as old age comes on him, and which will take the place of his salary or wages when he can no longer earn a livelihood." In these words the Postmaster-General introduces his new Annuities' scheme, and offers to sell these Annuities through his department to any one who will comply with the Regulations.

The commencement of an Annuity transaction must be exactly similar to that described in connexion with an Insurance. After obtaining a form of application, the person must reply to the questions which it is deemed necessary to ask, and then return the paper to the Post Office for transmission to the Postmaster-General. For obvious reasons, he will not be required to say anything about his health, nor to pass any medical examination. The Government must take care, in insuring a person, that he is in good health; on buying an Annuity, the person himself should take care that he is not in bad health, or otherwise he might rush into a bad bargain. Almost the only preliminaries gone through in the case of Annuities are, a satisfactory proof of age, and answers necessary to identification. If the authorities in London are satisfied with the answers and the references given, a policy or contract is entered into by the Post Office on behalf of the Commissioners of the National Debt, setting forth, that, in consideration of certain payments made at certain periods, the payment of a certain sum is guaranteed to him as an Annuity on the security of Government.

As in the case of Insurances, the person seeking to purchase an Annuity has the choice of several kinds of annuity, and of annuities of any amount up to 50*l.* a year. He may purchase an *Immediate* Annuity, though in this case the purchase-money must always be paid in one sum. Thus, if he be twenty years of age and will pay down the sum of 198*l.* 3*s.* 4*d.*, he can begin to receive an Annuity of ten pounds a year for life, however long that life may extend. Women, we must add, seeing that they are usually longer lived than men, must pay more than men. He may purchase also a *Deferred* Annuity; that is, an annuity payable after a given term of years from the commencement of the purchase. This *Deferred* Annuity may either be purchased in one sum, or by a yearly payment over that given term. If the former, it may be for any amount between one pound and fifty pounds per annum, to begin at a

certain period; in the latter case, the amount may range between four pounds and fifty pounds, to begin immediately after he has completed his payments. Deferred Annuities may also be purchased gradually, or on the same cumulative principle spoken of in connexion with Assurances, and just according as a person finds himself able to spare the money; or they may be purchased by annual payments in the same manner, beginning on a small annuity, and increasing it from time to time as he finds himself able to increase his annual payments. Once more, by making payments half-yearly, quarterly, monthly, fortnightly, or weekly, during a certain number of years, he may purchase a monthly allowance of any amount from four shillings to four pounds a month, immediately after that term of years.

The first Tables which were ready in time for the operations for the purchase of Deferred Annuities were those known as the "Non-returnable Tables," under which money paid was not returnable in the event of premature death, but "altogether sunk and lost." Soon afterwards, however, the "Returnable Tables," which had been under preparation from the first, were brought out. Now, therefore, if the annuitant chooses, he may purchase a Deferred Annuity with the proviso, that if death occurs before he should have reaped any benefit all the premiums shall be returned to his representatives; and also, that, at any time during his life before his Annuity is due, he may have his payments returned to him, subject of course to some deductions should he choose to close his account.

In all the above cases it is difficult to explain the method of working without giving examples; but the interested reader may receive, as he will doubtless seek, every information from the popular Abstract which will be presented to him free, on application, and from the Official Tables which may be seen at any Post Office. It only remains to add, as regards the payment of Annuities or Monthly Allowances, that they will be made half-yearly or monthly, as the case may be, at any of the offices opened for this business, *i.e.* eventually every Money Order Office; and that if a person be prevented by age, infirmity, or illness, from going to a Post Office to receive this allowance, it will be taken to him by an officer of the department.

As the operations of the Government Insurance and Annuity Office have only extended over a few months, and as the scheme is only in process of introduction into many localities, it is manifestly impossible to get exact information respecting the amount of business done, or tell how far the prediction, freely hazarded soon after the measure became law, as to its importance and utility, is likely to be realized. In the Report of the Post Office recently issued, the Postmaster-General states that this information will be supplied, in proper course, in his Report for 1865. Meanwhile, the following facts, which have been ascertained by the examination of some hundreds of proposals, will probably interest some of our readers.

The average age of the persons who make Life Insurance proposals to the Government is thirty-five years; the sum for which they propose to insure is, on the average, 76*l.* Out of the whole number of persons,—

40	per cent.	propose to pay their premiums annually.
25	"	" " " " monthly.
22	"	" " " " quarterly.
6	"	" " " " half-yearly.
6	"	" " " " weekly.

One proposer in each hundred proposes to pay his premium in one sum; and twenty-three per cent. wish the payment of their premiums to cease on their attaining the age of sixty.

The proposals come from all classes of the community; thus—

	per cent
Clerks in public and private offices contribute	32
Porters, messengers, letter-carriers, and labourers	22
Mechanics, artisans, and skilled labourers	18
Tradesmen	17
Clergymen, and professional men generally	6
Women	6

Of those who make proposals for the purchase of Annuities, 56 per cent. are men, and 44 per cent. are women; and the amount of Annuity which they propose to purchase is, on the average, 26*l.* The average age of the proposers for the purchase of Annuities is fifty-eight years.^[205]

A longer time will doubtless be necessary to develop this further measure into the same successful operation which has followed the adoption of the scheme out of which it sprang. It is more elaborate than the Post Office Bank scheme; it will appeal, as has been properly said, to a higher class of men, to a higher quality of prudence. Time, perhaps, more than

anything else, must mature it into success. It rests entirely with the public,—especially with employers of labour, and the more intelligent portions of the working and small tradesmen class,—whether or not the unique and comprehensive facilities which we have been engaged in discussing shall have been framed and offered in vain, or whether or not a new era has dawned on those who are desirous of making small, sure, and safe investments for their own old age, or provision for those they may leave behind. We wait, as it were pen in hand, to chronicle the result. Meanwhile, those who have the interests of the humbler and more defenceless portions of the community at heart could not do better than endeavour, at any rate, to spread a knowledge of a scheme which, while benefiting the people individually, must also, by giving to each a stake and an interest in the prosperity of the country, tend to increase the stability of existing institutions.

In justice to Mr. Gladstone and the Legislature, it ought to be widely known and remembered that these measures have not been originated to be a source of profit to the revenue of the country; that, however successful they may eventually be, they will bring no gain to the National Exchequer. The Tables of working, and the mode of working, have been prepared with great care; the former by eminent actuaries, and the latter by equally eminent official men: and although some of this care and attention have had for their object the security of the Government against loss, the premiums are intended to cover the liabilities and working expenses, and no more. If, therefore, those classes who *can* do it will not now secure themselves against misfortune and disaster, it is plainly no one's fault but their own.

[195] We have not space to go over the ground of the change; nor is it necessary, seeing how imperfect was the amendment introduced in 1853. Mr. McCulloch, however, in his *Statistical Account of the British Empire*, vol. ii. p. 712, may be said to have summed up in the following sentence the reason which sufficed to induce the Legislature to amend the Act of 1834:—"The influence of the Act (1834), so far as it extends, is subversive of accumulation, and goes to encourage the selfish and unsocial propensities by tempting individuals to consume their whole property during their lifetime, without caring anything for those who might come after them. Had Government given facilities to the middle and lower classes for insuring sums for their wives and children in the event of their death, it might have been highly advantageous. But the system they have set on foot does not encourage providence, but extravagance; and if extensively acted upon, would be so very hostile to the public interests, that it would have to be put down by legislative interference." We should think that there could not be much chance of successful legislation if it were based upon such arguments as the foregoing; and successful it was not.

[196] *Hansard*, vol. clxxv. p. 479.

[197] "Seriously speaking," said another writer, who signed, "One well behind the Scenes," in the *Times* of 18th February, and had been indulging in all kinds of pleasantry on the impossibility of the Government undertaking Life Insurance, "if Mr. Gladstone must go into business, he had better take an easy business first, and have Government ginshops at one corner of the street, and Government tobacco-shops at the other, and leave the delicate matters of Assurance for the present."

[198] The *Times* and the *Daily Telegraph*.

[199] Between 8,000 and 9,000 of these Societies have failed since the passing of the Friendly Societies Act. It has been calculated that about 100 Societies fail in each year.

[200] *Hansard*, vol. clxxv. vol. clxxii. p. 1581.

[201] *Hansard*, vol. clxxv. vol. clxxiv, p. 1474.

[202] Both Tables and Regulations may be obtained quite easily at any Post Office opened for the transaction of this business, and an Abstract of the Regulations, entitled *Plain Rules for the guidance of Persons desiring to Insure their Lives or to purchase Government Annuities*, has been and still is distributed widely, and may be had gratis from any postmaster or letter receiver.

[203] Thus, at the age of thirty, a person with 8*l.* 14*s.* 9*d.* to spare may buy an assurance of 20*l.* to be paid at death. Two or three years afterwards, and after a prosperous interval, he may be disposed to increase that amount to 25*l.*, 40*l.*, or 50*l.* Suppose the latter sum, and he has attained the age of thirty-three, he pays down another sum of 13*l.* 13*s.* 10*d.*, and then finds himself insured by these two single payments in the sum of 50*l.* whenever death may occur. Of course he may stop here; but he may also, if he thinks fit, go on adding, at such intervals and in such amounts as may best suit his convenience, to his original policy, till at last it acquires the value of 100*l.*

[204] Many postmen and rural letter-carriers are insured in this way for a sum of 100*l.*

[205] It will be remembered that under the Act 16 and 17 Vict., c. 45, a person could only insure his life on condition that he purchased an annuity. It is not so generally known that in the course of eleven years not one proposal for this twofold contract was ever received. It is not a little remarkable that now, this arrangement being no longer compulsory, one in every hundred proposers for Life Insurance also proposes for the purchase of an Annuity.

CHAPTER XI.

CONCLUDING CHAPTER.

"And when I shall go to my account, and the great Questioner whose judgments err not, shall say to me, 'What didst thou with the lent talent?' I can truly answer, 'Lord, it is here; and with it all that I could add to it—doing my best to make little much.'"—EBENEZER ELLIOTT.

THE above words of the brave Corn Law Rhymer refer of course to far higher duties than any with which we have dealt in this volume. That application may be made of them even to our present subject is nevertheless clear, and we leave the thoughtful reader to make it. Real economy and frugality are virtues, and as such are inculcated in the Christian code; neglect of them is condemned both by the moral and the religious code. Christ expressed the very spirit of economy, care of little things, a prudent thrift, and avoidance of all waste, when after miraculously feeding the multitude in the desert He instructed His disciples to "gather up the fragments that remain, that nothing be lost:" and it is at least noteworthy, that this injunction immediately followed another, wherein He warned the same men against the greed of life, telling them that a man's riches did not consist in the abundance of his possessions.

This may be perhaps a very fitting opportunity to say that a great deal depends upon the motive and the object for which such virtues are cultivated; that it is very possible to attach far too great an importance to mere habits of saving: the motive for saving may at times be vicious, and the purpose for which and the manner how the hoards once scraped together may be applied, more vicious still. This is so palpable that we need not dwell upon the subject. Not less so is the wise medium course to be followed. The difference between those who cultivate and those who neglect frugal and economical habits may be expressed simply in the former having bread enough and to spare, and the latter having bread for to-day—and not always that—but none for to-morrow. It is by the capacity of looking forward in the present moment to the possibilities of to-morrow that the civilized man is distinguished from the savage; it is by the readiness with which provision is made for possible emergencies that the wise man is distinguished from the fool. Real economy, aided by prudence, is a virtue. Cicero says that "the best source of wealth is economy;" but it is also the best source of comfort, self-respect, and independence. Prudence thinks of an adverse season amidst the prosperity of a good one; and Economy arranges for the bad time. Prudence thinks of two very possible and one certain contingency in the life of every human being; and Economy weighs the chances well and provides for the worst—it provides for the incidence of failing health, and for the chances of losing, through one of the many eventualities of life, worldly position, or the means of breadwinning; and it also does something to provide for that time when the anxieties, the joys, and the sorrows of life shall be hushed in death.

It is well, therefore, and it is almost indispensable, that these habits should be cultivated; it is well also, and quite indispensable, that means and provisions should be used to this end. The first stone which the learned Wotton refers to in the motto on the first page of this volume, is without doubt the first act in the habit of economy; and we have been endeavouring throughout the course of this history to point out with some approach to accuracy the exact spot where a person may lay this indispensable "first stone," where he may probably best lay the second or third, and how possibly he may commence with the superstructure.

Savings Banks and the other provident measures of which we have spoken are principally to be regarded as preliminary means, the first or stepping-stones to higher things. When a man has become, for example, a depositor in any of the numerous kinds of Savings Banks, he has only taken, as it were, the first step on the road to competence; but one step leads to another.^[206] A very slight knowledge of human nature will show that when once a man gets his foot upon the round of the social ladder, and keeps it there till he is secure of his footing, he is soon ambitious of taking the next step. So true is this regarded, that in common parlance many kinds of journeymen are said to have made their fortune when they have saved their first pound. When George Stephenson's wages were raised to twelve shillings a week, he declared "he was now a made man for life;" when he had saved his first guinea, he proudly said to one of his mates, that he "was now a rich man." And in one sense he was right; he had taken the first step; and further, "The man who," says Mr. Smiles, "after satisfying his wants, has something to spare, is no longer poor."

We have said that Savings Banks are preliminary means. We think, however, that they are the *safest* initiatory steps that could be taken by those of the labouring classes who wish to rise from small beginnings to those higher things spoken of.^[207] Thousands of people of small means are content with them; with the Savings Bank they begin, continue, and end, and many of them have had reason to congratulate themselves upon having taken such a course: they have been saved endless trouble and disaster, have in the great majority of instances felt that their earnings were safe, that the profits were not going up and down like those of their neighbours, but were always steady, always to be relied upon, and always calculable to a penny. That these returns are really not so insignificant as many suppose, and that if small earnings are allowed to accumulate at compound interest they must make a decent provision against the winter of life, the following case will demonstrate.^[208] The late Mr.

Thomas Allen of Gledholt, Huddersfield, on the 28th of March, 1818, gave to each of his seven servants a sovereign to become depositors on the opening of the Huddersfield Savings Bank. On that day Esther Sykes became a depositor to the extent of 1*l*.

	<i>£ s. d.</i>
She continued to deposit the Savings from her wages from that time to the 21st of July, 1828, amounting to	119 11 0
Interest accruing from 1818 to 1828	<u>30 9 0</u>
	<u>150 0 0</u>
This sum of £150 being allowed to accumulate by interest until 1836 became	<u>200 0 0</u>
From 1836 interest on this sum had to be withdrawn half-yearly, which from 1836 to 1863 amounted to	<u>160 9 8</u>
Esther Sykes died March, 1863, aged 78, and her executors received from the Bank the sum of	<u>200 0 0</u>

Thus in this interesting case the cash deposited at different times amounted to 119*l*. and the total amount of interest on that sum was 240*l*., of which 160*l*. was paid to the depositor herself during her lifetime, and 200*l*. to her executors. It is not a little curious, nor is it surprising, that five of the relatives and legatees of this Esther Sykes should have gone to the Huddersfield Savings Bank to deposit the money left to them.

Of the other promising provident measures adapted to the requirements of the industrious classes, the most important, but at the same time a somewhat hazardous one, is that of co-operative societies. These societies, though beset with difficulties, are doing a good work in many localities. The stronghold of the system, be it remembered, is in a town where, owing to the cupidity of the manager of the Savings Bank, the savings of years were swallowed up, and, in consequence, habits of accumulation in this form were rooted out from among the people. The co-operative principle can be directly traced to the wide-spread distrust created by this gigantic and far-reaching fraud. It remains now to be seen whether a higher intelligence and a greater power of self-government than is generally found in large associations of working men will not be indispensable to the progress of these societies. Personally, we have little hesitation in affirming that the real progress of these classes will be safer, and not only safer but quicker, if the bulk of them will leave combined enterprises of this nature to those of their fellows who have already saved money enough to enable them not only to enter into such business, but to lose in the venture. Once a man has run up an account in any of the people's banks—whether the old or the new banks does not make much difference—he might, and perhaps ought to risk a proportion in such societies, which, where properly and prudently managed, are very beneficial to all connected with them.^[209]

The same remarks apply to Building Societies to a great extent; though here perhaps there is little of the risk which besets all kinds of large and small joint-stock companies. Unfortunately, however, the working-class element, which was prominent at the origination of building clubs, is being rapidly eliminated from them in most localities, and almost everywhere the tradesman class predominates.^[210] The working classes, if they have not been saving their earnings for years, cannot command and pay, with that regularity necessary in such enterprises, the instalments due; and hence they either do not venture to join at all (except where the club is on a very small scale), or if they do, they ultimately withdraw from them.^[211]

Fifty other different objects might be mentioned for which the working classes require the means of accumulating the trifles they can save with the object of employing some of the money on higher kinds of investments when it has amounted to a good round sum; the purchase of a cottage, of an annuity, of a life insurance policy, are only a few of them. In this way the Savings Bank not only assists the industrious classes by offering machinery expressly fitted for their present advantage, but does an equally beneficial work in leading them on safely to higher and more important investments.

Let it be granted that Savings Banks fulfil all, or most, of the conditions which we have assigned them and ask for them, what then remains to be done to make their advantages better known, and to bring them still more within the reach of those classes for which they are specially designed, and to which they are specially applicable? It may indeed be questioned whether, having provided the facilities, society should not now leave the matter where it is, to the operation of advancing intelligence, to the growth of economical knowledge, and to the increase in the experience of the poorer classes. Working men are tired, and to our own knowledge have long been, of hearing of societies and organizations for their elevation,^[212] they know perfectly well that their “elevation”—for which no doubt too few of them care—must begin, continue, and end in themselves. The better class of workmen laugh at many schemes designed for their benefit; and although there may be odd instances of men who seem not to be above being turned into an “object,” it is simply repellant to the great bulk of them.^[213]

A working man, though he may not like to be “raised,” may like to be advised how he can best help himself: and such advice is quite necessary and legitimate under certain conditions and in certain circumstances. It altogether depends, it appears to us, upon the person who

does it and the manner in which it is done. First and foremost it seems to be not only necessary but right that masters of workmen should endeavour to influence those under them; that they should—

"Relinquishing their several 'vantage posts
Of wealthy ease and honourable toil"—

do something to direct aright those energies from which they have benefited, and which if rightly developed may also in time lead their possessors to comfort, to reputation, even to wealth. A master's duty to his workmen, as we remember to have seen it expressed somewhere, scarcely ends when he pays them their wages. The men may be thoroughly independent, and after accomplishing their stipulated work may be, and feel that they are, their own masters: but there are nevertheless divers opportunities for masters, without claiming or assuming superiority, to benefit those employed under them. The master is pretty generally under the pressing responsibility of superior knowledge and greater experience; and he who sees how the worldly position of his men can be *safely* improved, and does not at least attempt to suggest or help to this improvement, can scarcely be said to fulfil the duties of his position. An employer may, indeed, be too conscious of his dignity, and, standing on the lofty pedestal reared for him or which he has reared for himself, throw down with a lavish hand bounties upon his men; and they will not be accepted, and perhaps ought not to be: but let him show a personal interest in them, prudently advise them, "show a wisdom that shall bridge the gulf" that separates the two, and he will not only do much to destroy the feeling, which has become almost instinctive among workmen, that the master is somehow selfishly acting for his own ultimate benefit, but he will awaken a confidence, become the object of the men's esteem, and wield an enormous influence over them.

Let so much as this be granted, or even let part of it be granted, employers of labour may not only turn their thoughts to such schemes for savings as we have been engaged upon, but they may easily arrange, in conjunction with the proper authorities, branch schemes such as described in the last two chapters, to be suited to the varying circumstances of the case. If they are convinced of the benefits of the one, let them advise; if they wish to give reasonable help, let them act.

Without reference, however, to the Government schemes just referred to, the State sets an admirable example to all large employers in the provident arrangements which have been made for public officers; and we think there must be much in the provisions in question which might be turned to good account in, and be made applicable to, large private concerns. Few Government *employés* should ever come to beggary; if they have not been prematurely cast aside, either by wilful misconduct or gross carelessness on their own part, they cannot come to the parish: further, great numbers of them are assisted to make provision for their families at their death. Nearly all Government servants may be said to have bargained with their masters at the time they entered the service, not only for a fair day's wage for a fair day's work, but for nearly all the provisions of a Friendly Society during sickness; for a Deferred Annuity when they are past work, or after a certain age; and in some instances—it ought to be in all—for assistance towards insuring their lives for the benefit of their family. It were idle to say that none of these considerations enter into the original contract, and have had no influence on the scale of remuneration paid for actual work; it were far more to the point to say that departments of Government compel their servants to be provident and to prepare; for sickness, old age, and death, and make it involuntary in the case of sickness and old age, by taking the necessary payments upon themselves.

Of the scheme of Life Insurance at present in force in the Post Office, for example, we spoke in the previous chapter. With regard to sickness, a certain time is allowed for full pay; another definite period for half-pay. In respect to Superannuation Allowances, which we have termed the Deferred Annuities, it is true that at one time civil servants were required to pay towards it out of their salaries; but this has been discontinued by Act of Parliament, and the present arrangement may simply be considered as a small rise in the rate of wages—the deduction being compulsory on all classes alike.

Why should not a similar plan, or at any rate the principle of it, be urged upon private employers? Spite of some of the difficulties which would at once present themselves, we believe that there is little impracticable about it, and little that might not be surmounted. Even if it should be found impossible to apply such arrangements to many concerns, there is still the admirable machinery designed in connexion with the Annuities Act of 1864; and we again commend the plan to the attention and candour of large employers.

We think that to a very large extent the influence which masters must exercise over their workmen, or which they could not fail to exercise if they were to show a proper degree of interest in their subordinates, has never yet been exercised. If reason, persuasion, entreaty of a certain kind, alike fail—as they may often have done—to induce saving habits and due provident provision for themselves and families, we confess a difficult problem presents itself. This difficulty has been felt for years. Forty years ago the *Quarterly Review*, in an able article, said that Savings Banks ought to have formed a sinking fund before that time for the abolition of poor rates: "If the present state of things continues," says the writer, "it should become a question whether the master ought not to deposit in the Savings Bank at least a shilling in the pound of all wages paid by him, to be placed to the account of the individuals

whom he employs." Several times since this was written, the *Quarterly Review* has returned to the charge. For many years our system of Poor Laws has rigidly assessed property for the relief of poverty, and secured the necessaries of life for all the destitute, no matter how largely they themselves may have been answerable for their destitute condition. With some beneficial changes the law stands the same, and is scrupulously enforced.

It is very clear that many men's wages are so high in good times, that, if they worked steadily and lived with moderation, they might easily reserve out of them a fund of supply against times of want, which would carry them through till their trade revived. The immense power in the hands of the working classes to promote their own self-dependence is illustrated by the enormous sums spent by these classes alone in mere indulgence; and it is shown again, in the immense funds raised amongst them to support combinations and strikes. That thousands will not use the means they have is proved by their excesses, their prodigality, the recklessness of their expenditure, the division of the days of the week into days of work and days of gross and obstinate idleness; and in much of this—regarding the result which follows to themselves, their wives and families, if they have the misfortune to have them—there is perhaps more real delinquency than in many of the crimes for which penal statutes have been framed.

The question is at any rate admissible, whether the same power which can order a compulsory payment of rates to support the poor, might not, and ought not, to restrict the means by which men are made and kept in poverty; or whether the same laws which make the frugal support the improvident should not also compel the improvident to do something to support themselves. This *principle* is indeed recognised by Government, as we have already shown, in the arrangements made for its own servants; it is therefore not a question so much of principle as of *degree*, and whether the Government should insist on a measure of coercive contribution applying to others beyond their control. "I have often thought," said the late Mr. J. Silk Buckingham, in a letter now before us, "it would be perfectly wise and just to pass a law compelling all employers of labour of every class, age, and sex, to deduct five per cent. from the wages or salaries of all in their employ, to be invested in the Government funds for a Deferred Annuity after sixty years of age, giving power to the labourers themselves to make further additions as they saw fit on the voluntary principle. If it should be said that no Government has a right to make people provide for themselves by force of law, I am sure they have as great a right to do this as to make the honest, sober, and industrious part of the people pay in poor rates and taxes for maintaining paupers and criminals, who have become so chiefly through want of prudential conduct in youth."^[214]

Finally, it is upon those who will not, and cannot by any available means, be brought to apply the remedy of provident investments during the heyday of life for themselves, that we think some such arrangement as that upon which the Government insists on employing civil servants, should be brought to bear, and that, only as a *dernier ressort*, our Legislature should consider whether it were not possible, and within its province, to apply a more complete and direct remedy by force of law. Formidable obstacles, we repeat, may be imagined, and actually would be experienced, in either case; but they could easily be smoothed by the fifty years' experience which the country has had of Savings Bank management and the conduct of provident schemes generally, and they may very possibly be entirely removed by the far-reaching, simple, ancillary measures of the last four years.

[206] "To save money," says Mr. Greg, "and to have invested it securely, is to have become a capitalist. To have become a capitalist is for the poor man to have overleaped a great gulf; to have opened a path for himself into a new world; to have started on a career which may lead him, as it has led so many originally not more favoured by fortune than himself, to comfort, to reputation, to wealth, to power."

[207] "I have studied the matter to the core, and it has resulted in a firm conviction, that were all the many valuable schemes which have been devised for ameliorating the condition of the masses conjoined, for safely, surely, and reasonably meeting the exigencies of every-day life, the Savings Bank single-handed would outvie them all."—Mr. James Frame's *Tracts on Savings Banks*.

[208] We are indebted to Mr. Sikes of Huddersfield for the particulars of this case.

[209] Mr. W. B. Chorley, author of a *Handbook of Social Intercourse*, &c. &c. was asked his opinion on co-operative societies, that opinion to be inserted in the *Co-operator*, the Society's organ. Mr. Chorley gives it very candidly, the Editor with equal candour giving it insertion. "The working man's earnings should be absolutely safe. Post Office Savings Banks are the only means of deposit which I am warranted in unconditionally recommending under all circumstances. I am far from saying that in peculiar cases and districts the workman may not act judiciously in joining co-operative stores; but it cannot be extended beyond a certain point with success, and I fear that any attempts to push or rapidly extend the plan over a large area will prove a mistake ending in failure and loss." ... Mr. Smiles in his *Workmen's Earnings, Strikes, and Savings*, a reprint of articles from the *Quarterly Review*, and Mr. Greg in his *Provident Investments*, a reprint of an article in the *Edinburgh Review*, express similar views on the co-operative principle as applied exclusively to the working classes as those we have quoted from Mr. Chorley.

[210] The first Benefit Building Society which can be traced was founded in 1815 under the auspices of the Earl of Selkirk. It was a village club composed of some working men in Kirkcudbright, in Scotland. Other institutions of a similar kind followed, and were called "Menages," and soon afterwards the principle was introduced into England. In 1836 the first Act was passed with regard to them.

[211] "A Building Society of which I am a trustee started some five years ago with a considerable majority of working men; but in the course of its operations (on looking over the list to-day) I find there are very few who can be strictly called working men left. The punctuality of the payments, the fines, and those

arrangements which are essential to the proper working of a society, acting upon men who are occasionally thrown out of employment, and without means altogether, have compelled them to withdraw themselves.”—*Evidence of Mr. W. Cooper. Committee on Provident Investments.* 1850.

[212] A large volume might be compiled which should simply give a bare indication of the aims of such schemes and societies, including one set forth in a MS. volume which we have seen in the British Museum, entitled, *Greevous Groves for the Poore, done by a Wellwisher*, down to the latest benevolent scheme, and its list of patrons beginning with an Archbishop and ending with the Squire.

[213] Savings Banks are not free from an amount of patronizing, which is only very rarely appreciated by the workman, though it may delight the very small shopkeeper class. Mr. Boodle, in his examination before a Savings Bank Committee, in 1849, thought fit to relate a very ludicrous instance of this, which, though told to show the amount of confidence reposed in the names of some trustees, really proves something very different. “At one time,” says Mr. Boodle, “the late Lord Spencer was attending as manager, and a depositor put in a sum of money; he looked at his book when it was returned to him, and finding the name of ‘Spencer,’ asked the actuary who it was. The actuary replied ‘Lord Spencer.’ The man said, ‘You do not mean that this is Lord Spencer?’ When reassured, he said, ‘Then I will give another sovereign,’ and actually did put in another sovereign.” This must have been a red-letter day in this person’s history, though it reasonably admits of doubt whether the incident would be matter of personal gratification to Lord Spencer, the wise and excellent Lord Althorp of the Lower House.

[214] “For the last twelve years,” says a living practical philanthropist, “I have been considerably engaged in the administration of Poor Law Relief. I could not disguise from my reluctant notice the painful fact of how large and overwhelming a percentage of applicants for relief had been, for long periods of their life, in the habit of earning wages, the surplus of which remaining over and above the cost of their maintenance, would, if properly invested, have secured them an honourable independent subsistence for the unproductive residue of their lives. Their frugal contemporaries, whom they scandalized by their example (and it might have been said, derided for what they considered their meanness), they further tax with the burden of their subsistence. They commit a constructive injustice upon their more provident fellow-citizens; and when society inveighs against the gratuitous pauper, not because he is poor, but because he has viciously made himself so, society is not unjust in such a retaliation upon its trespassers. The gracious law of England, which makes the Poor Law compulsory, would deal with scarcely more than even-handed justice were it to compel some kind of club payment too. And if it were an infringement of the liberty of the subject to compel my neighbour to support a club, it is an infringement of my liberty to compel me to support my neighbour.”—*MELIORA, edited by Viscount Ingestre*, vol. ii.

APPENDIX.

An Abstract of the Provisions of Mr. Whitbread's Bill, as amended by Committee, "for establishing a Fund and Assurance Office for Investing the Savings of the Poor." (1807.)
[215]

This Bill provided that the *Office of the Poor's Fund* should be under the management and direction of so many Commissioners as his Majesty should see fit to appoint under his royal sign manual; that they should subscribe an oath to execute their powers and trusts faithfully and honestly; that any two of them might together execute the duties of the Office; and further, that the said Commissioners might, with the approbation of the Lords of the Treasury, appoint some person properly qualified to conduct the business, under the title of Accountant, and also such cashiers, clerks, and servants as they should find necessary.

It provided, that any person who should subsist wholly or principally by the wages of his or her labours should be entitled to the benefits and advantages of this Office, under and subject to the following

Rules and Regulations of the Office of the Poor's Fund.

1. That any proper person may so pay to the Accountant, or remit through the Post Office, any sum not exceeding five pounds.
2. That no person remit or pay more than 20*l.* in any one year, nor more than 200*l.* in the whole.
3. That when any sum is remitted through the Post Office, the Postmaster of the place from which the money is sent shall keep a proper record of each transaction, and adopt such measures as the Postmaster-General shall from time to time direct; and that each Postmaster shall receive for his trouble, from the person paying in the money, one penny in the pound upon the value thereof.
4. That cash accounts with each person shall be opened in the principal office in London, and that the money which may be paid or remitted shall be laid out each week in the purchase of perpetual annuities, the annuities so purchased to stand in the name of the Commissioners of the Poor's Fund.
5. That, after such purchase, the proportion of each person, from the amount contributed, shall be credited in a stock account, he or she being debited in the cash account for the sum expended.
6. That the dividends as they become due be likewise carried to the credit of the said persons; and on the sums amounting to ten shillings, the same shall be payable to him or her.
7. That the dividends may be allowed to accumulate, but principal and dividends must not exceed 20*l.* in any one year, nor 200*l.* in all.
8. That any person entitled to the annuities purchased in this manner who may wish to sell the whole or part, will be allowed to do so on signifying the desire personally, or in writing. In either case the person shall be furnished with a form of request for the purpose, and, when properly filled up and attested, the annuities shall be sold.
9. That the sale of all annuities desired in one week shall be made on some one day in the next.
10. That after the sale the proportion due to each person shall be carried to his or her cash account, and the money be payable forthwith.
11. That the Accountant shall make out and sign a warrant for the sums called for, the person giving a receipt on the warrant when it is paid.
12. That persons entitled to the money may authorize in writing any other person to receive the warrant, and after signing the warrant the money may be paid to such other person.
13. That any person residing beyond the limits of the two-penny post (London) may have such warrant transmitted through the Post Office.
14. That when a sum is paid to the cashier or other officer for the purchase of annuities, a proper receipt shall be given; that when a sum is transmitted through the post, the receipt shall be at once sent through the post; and that when the money has been laid out in such purchases as were ordered to be made, the certificates of such purchases, with their amount and denomination, shall be sent to the purchasers, or such other persons as they shall appoint.
15. Provides for the investment of small surpluses, and the payment of the dividends upon them.
16. Provides that no payment, gratuity, or reward shall be allowed to be made to any person

employed in the Office of the Poor's Fund over and above the regular salaries determined upon.

* * * * *

Other clauses of the Act provided that the expenses of the Office should be defrayed by such sums as were secured by the dividend, interest, and accumulations of the surplus arising from unclaimed dividends, the remainder of the expenses being borne on the Consolidated Fund.

* * * * *

With regard to *The Poor's Assurance Office*, the Bill provided for the appointment of the principal conductor, who should be called "the Actuary," in the same manner in which "the office of Accountant" was to be created for the former business.

It provided for the calculation of Tables, which Tables should produce "sufficient funds to answer the payments to be assured, as well as the charges and expenses of the establishment and management of such Assurance Office;" that these Tables should be varied; that they should be approved by the Lords of the Treasury, who should make them public in such manner as they saw fit.

The persons who were entitled to the benefits of the Poor's Fund should also be entitled to the benefits of Assurance Office under the following

Rules and Regulations of the Poor's Assurance Office.

1. That any person desirous of insuring his life shall deliver or send the usual particulars to the Assurance Office.
2. That in every case proof of age and proof of sound health should be produced; the affidavits in each case to be sworn to before a Justice of the Peace.
3. That, in the case of any misrepresentation being proved in the original proposals, the sums paid shall be forfeited.
4. That the Actuary may require any persons proposing to insure to attend personally at the Assurance Office, providing they live within the limits of the London two-penny post.
5. That no payment for any assurance, whether annually, half-yearly or quarterly, shall be less than ten shillings.
6. That no annual payment, nor the entire yearly amount of payments, shall exceed five pounds; that no assurance shall be made for more than 200*l.*; or if a gross sum and an annuity shall both be assured to the same person, the whole shall not exceed the value of 200*l.*
7. Provides for fines for arrears according to the time which has elapsed, and for renewing a policy which may have become void.
8. That all money received shall be vested in transferable annuities, as in the case of the Poor's Fund.
9. Provides for payment on proof of death—the affidavit to be sworn to before a Justice of the Peace.
10. That the rules for the management of the Assurance Office, and the remuneration to be paid to its officers, shall be settled on the same basis as those for the Poor's Fund.

* * * * *

The Act then goes on to provide that the Commissioners shall be empowered to frame rules for the guidance of the officers of each Office; that the Commissioners to be appointed shall deliver to the Governor and Company of the Bank of England a true and attested copy of their commission of appointment; that this shall be their authority for transacting business with the Bank, and shall be received and admitted as evidence in all courts of law and equity, and before all judges and magistrates, of the due and legal appointment of the Commissioners, and authorizing them to exercise all the powers and authorities granted to them under the Act.

The Act then further provides that all dividends, &c., shall be exempted from the tax on property, and from the stamp duty on probates and letters of administration.

That the policies and other instruments shall be exempt from stamp duties.

That all letters and packets shall be sent by or through the Post Office, to or from either of the two departments, exempt from the payment of all postage.

The Act concludes by making provision for the punishment of forgery and perjury.

[215] Referred to at some length at page 23, and other portions of this work, where the preamble of the bill is given.

(B.)

An Abstract of the Provisions of the Consolidated Act of 1863, entitled "An Act to Consolidate and Amend the Laws relating to Savings Banks." (26 & 27 Vict. cap. 87.—28th July 1863.)

Sec. 1. Provides for the Repeal of previous Acts and parts of Acts, as set forth in the following Schedule:—

Date of Act.	Title.	Extent of Repeal.
9 Geo. IV. c. 92.	An Act to consolidate and amend the Laws relating to Savings Banks.	The whole.
3 Will. IV. c. 14.	An Act to enable Depositors in Savings Banks and others to purchase Government Annuities through the medium of Savings Banks, and to amend an Act of the Ninth Year of His late Majesty to consolidate and amend the Laws relating to Savings Banks.	Sections 21, 22, 25, 28, 29, 30, 31, 32, 33, 34, and 35.
5 & 6 Will. IV. c. 57.	An Act to extend to Scotland certain Provisions of an Act of the Ninth Year of His late Majesty to consolidate and amend the Laws relating to Savings Banks, and to consolidate and amend the Laws relating to Savings Banks in Scotland.	The whole.
7 & 8 Vict. c. 83.	An Act to amend the Laws relating to Savings Banks, and to the Purchase of Government Annuities through the medium of Savings Banks.	The whole.
11 & 12 Vict. c. 133.	An Act to amend the Laws relating to Savings Banks in Ireland.	The whole.
17 & 18 Vict. c. 50.	An Act to continue an Act of the Twelfth Year of Her present Majesty for amending the Laws relating to Savings Banks in Ireland, and to authorize Friendly Societies to invest the whole of their Funds in Savings Banks.	Section 2.
22 & 23 Vict. c. 53.	An Act to enable Charitable and Provident Societies and Penny Savings Banks to invest all their Proceeds in Savings Banks.	The whole.
23 & 24 Vict. c. 137.	An Act to make further Provision with respect to Moneys received from Savings Banks and Friendly Societies.	The whole.

Sec.^[216] 2. Provides that persons who may have formed or shall form any society or institution of the nature of a bank to receive deposits of money for the benefit of persons depositing the same, accumulating at compound interest, and repayable when required, but, after the necessary expenses have been met, deriving no benefit from such money, shall have the benefit of this Act if they wish it. The conditions annexed are, that such persons shall cause the rules and regulations for the conduct of the business to be entered, deposited, and filed, as shall be afterwards directed.

Further, that no bank, the rules of which shall not be sanctioned and approved by the National Debt Commissioners, shall be entitled to the provisions of this Act. (a)

Sec. 3. Savings Banks under the Act shall keep a book in which shall be entered the rules of each bank, and these books shall be open at all reasonable times to the inspection of depositors. When any of the rules are altered, such alterations to be entered in the book. The rules not to be in force till such alteration is made. (a)

Sec. 4. Two written or printed copies of rules shall be sent by Savings Bank trustees to the certifying barrister, who must certify that they are according to law; the certificate of the barrister to be paid for by a fee not to exceed one guinea; and the barrister, after certifying the rules, to return one copy to the trustees and transmit the other copy to the National Debt Commissioners. (a)

Sec. 5. Every Savings Bank certified under the provisions of this Act to bear the title of "Savings Bank certified under the Act of 1863;" any other bank, company, or person adopting this title, to be declared guilty of a misdemeanour, and punishable accordingly.

Sec. 6. Requires that the following regulations shall be adopted and enrolled among the rules of all Savings Banks:—

(1) The treasurer, trustees, or managers shall not derive any benefit from deposits, nor directly or indirectly have any salary, allowance, profit, or benefit whatsoever beyond their actual expenses for the purposes of the bank. The expenses of management, including the remuneration to paid officers, does not come within the meaning of this clause. (a)

(2) That not less than two persons, being trustees, managers, or paid officers employed for this specific purpose, shall be present on all occasions of public business, and be parties to every transaction of deposit and repayment, so as to form a double check of every such transaction.

(3) The depositor's pass book to be compared with the ledger on every transaction of repayment and on its first production after the 20th of November in each year.

(4) The depositor to produce his book at least once in each year for this examination.

(5) No receipt to be taken or money paid except at the bank and during the hours of public business.

(6) A public accountant or auditor, not of their own body, to examine the books of the bank, and to report the result, not less than once in every half-year, and to report to the committee of management the correct amount of the liabilities and assets of the bank.

(7) That a book containing an extracted list of each depositor's balance, omitting the name, but giving the distinctive number and separate amount of each, checked and audited as above, be open during the hours of public business for the inspection of any depositor.

(8) The trustees or committee of management to hold meetings at least every half-year, and keep minutes of their proceedings in a book to be provided for the purpose.

(9) In the case of banks having branch agencies, the rules to provide for the due receipt and accounting of all moneys received; for the presence of a second party to every transaction; and for a periodical examination of the depositor's book.

Sec. 7. Provides that the trustees of every Savings Bank shall transmit weekly returns to the National Debt Office, giving such particulars as the Commissioners shall direct, showing the week's transactions and the cash balances remaining in the treasurer's hands.

Sec. 8. The treasurer, actuary, or cashier, and every paid officer of a Savings Bank entrusted with the receipt of money, to give security by means of bond or bonds, with one or more sureties, to the Comptroller-General of the National Debt Office. (*c*)

Sec. 9. Provides that any officer receiving deposits and not paying them over to the managers shall be guilty of a misdemeanour. (*c*)

Sec. 10. The moneys, goods, chattels, and effects of all Savings Banks to be invested in the trustees for the time being. (*a*)

Sec. 11. No trustee or manager of Savings Banks in Great Britain shall be personally liable except—

(1) For moneys actually received by him on account of said banks and not paid over in the usual manner.

(2) For neglect or omission to comply with the above recited regulations as to the maintenance of checks, the audit of accounts, the holding of meetings and the keeping of the minutes of the same;

(3) Or for neglect in taking security from his subordinate officers.

Sec. 12. Trustees or managers in Ireland may limit the amount of their responsibility by declaring in writing that they are willing to be answerable for a specific amount only, which shall not be less, however, than 100*l.* At the same time Irish trustees, &c., to be liable for amounts actually received by them and not accounted for. (*d*) and (*e*)

Sec. 13. Provides that the treasurer or any trustee may be required, on a demand from not less than two trustees and three managers, or from a meeting of trustee and managers, to pay over all the moneys remaining in his or their hands, and assign and transfer or deliver all securities and effects, books, papers or other property, to such persons as may be appointed to receive them; proceedings to be taken in case of any neglect or refusal to comply with the demand. (*a*)

Sec. 14. Provides that executors, &c., of officers of Savings Banks shall pay money due to Savings Banks, in case of death, bankruptcy or insolvency, before any other debts whatsoever. (*b*)

Sec. 15. The trustees of Savings Banks shall invest all the money received by them in the Banks of England or Ireland; and no sum or sums shall be paid or laid out by trustees in any other manner or upon any other security whatever, except only such sums of money as from time to time must remain in the hands of the treasurers of such banks to answer the exigencies thereof. This provision not to prevent any depositor withdrawing his money from a Savings Bank and investing the same in any other securities. (*a*)

Sec. 16. Provides that trustees of Savings Banks may receive money from depositors and apply it for their benefit in any other manner agreed upon. (*a*)

Sec. 17. Provides that central banks may invest the money of branch banks in the manner

already described. (a)

Sec. 18. Provides penalties for false declarations for the purpose of paying money into the Banks of England or Ireland. (a)

Sec. 19. The Commissioners of the National Debt to invest the money paid into the bank in the purchase of bank annuities, Exchequer-bills, or parliamentary securities of whatsoever kind created or issued, or any stock or debenture guaranteed by authority of Parliament; the interest arising from the money so invested to be in like manner invested as above. (a)

Sec. 20. Makes it lawful for any three or more National Debt Commissioners to execute and to do all matters and things required by the operations of this Act. (b)

Sec. 21. Money invested with the Commissioners to be allowed interest at the rate of three pounds five shillings per cent. per annum. (c)

Sec. 22. Interest due from the Commissioners to be calculated half-yearly up to Nov. 20 and May 20, and carried to the account of Savings Bank additional principal. No interest to be allowed on any fractional part of a pound. (a)

Sec. 23. Interest arising to depositors may be calculated yearly, or twice a year, and carried to the principal. Interest to depositors not to exceed three pounds and tenpence per cent. per annum. (c)

Sec. 24. Trustees of Saving Banks to appoint an agent who shall be authorized to receive money from the Commissioners for repayment to depositors. The agreement for the appointment of this agent, signed by two trustees, shall be deposited with the Commissioners; but it may be revoked and another appointment made.

Sec. 25. Trustees may draw for the whole or any part of the sum placed in the hands of Government by drafts on Commissioners; interest to be added by the cashiers of the bank. (a)

Sec. 26. Drafts exceeding 5,000*l.* must be signed by four trustees, and their signature must be attested by separate witnesses, who may be managers or other creditable persons. Drafts for 10,000*l.* not to be paid before fourteen days after the receipt of such drafts. (a)

Sec. 27. Repayment of more than one draft of 10,000*l.* to any one bank not to be made in any one day. (a)

Sec. 28. Trustees may receive in person, instead of through the usual agent, payment of drafts properly executed. (a)

Sec. 29. The surplus after paying necessary expenses of banks to be paid over to the Commissioners for investment in a separate account; and trustees may draw upon such surplus fund for the purposes of the Savings Bank by certificate. (a)

Sec. 30. Deposits of minors may be taken, and repayment may be made before the person has attained the age of twenty-one. (a)

Sec. 31. Repayment to be made to a married woman who may have deposited money, unless the husband of such woman shall give notice in writing that he requires payment to be made to him. (c)

Sec. 32. The funds of charitable societies, penny banks, &c., may be deposited in Savings Banks; if with the approval of the Commissioners, without any restriction as to the amount; and without that approval, to the extent of 100*l.* per annum, or 300*l.* in this whole. (e)

Sec. 33. The funds of any friendly society, legally enrolled and certified, may be invested without any restriction as to amount, provided a copy of the rules of such society is deposited with the Savings Bank. (d)

Sec. 34. The receipt of the treasurer, trustee, or other officer of any such charitable institution, penny bank, or friendly society, shall be deemed a sufficient discharge for any money deposited and withdrawn from the Saving Bank. (a)

Sec. 35. Members of friendly societies, penny banks, &c., may also subscribe to any Savings Bank. (a)

Sec. 36. No sum to be taken in a Savings Bank without the depositor discloses his name, profession, business, and residence; these particulars to be entered in the books of the office. (a)

Sec. 37. Persons allowed to deposit as trustees on behalf of others; but repayment can only be made with the receipt of the trustee and also the person or persons for whom the trust account has been held.

Sec. 38. Provides that it shall not be lawful for depositors in any one Savings Bank to deposit in any other Savings Bank. A declaration to this effect must be made at the time of the first deposit. The penalty on a false declaration to be forfeiture to the sinking fund of all deposits. The declarations to be filed, and a copy with the penalty attached thereto to be annexed to, or printed in, the deposit book. (a) and (c)

Sec. 39. Deposits of more than 30*l.* cannot be received in any one year, nor more than 150*l.* in the whole; and when principal and interest together amount to 200*l.*, interest shall cease till it is brought below that sum. (*a*) This prohibition not to extend to accounts opened before July 1828. A depositor may close his account and make further deposits as a new depositor.

Sec. 40. Depositors may transfer their accounts to any other Savings Bank by means of transfer certificates, the form of which is presented in *Appendix (C)*.

Sec. 41. In the case of a depositor dying and leaving any sum exceeding 50*l.* the money must not be paid except upon the probate of the will of the deceased depositor, or letters of administration of his or her estate and effects. No duty to be paid on probate when the estate is under 50*l.*, provided the person claiming such probate or letters of administration produce a certificate of the amount of the depositor's interest in the bank at the time of his death. (*a*)

Sec. 42. Administration bonds, &c., for effects not exceeding 50*l.* sterling shall be exempted from stamp duty. (*a*)

Secs. 43, 44, 45. Make provision for payment when depositors die without a will, to those who appear to be next of kin, &c. (*a*)

Sec. 46. Makes provision for payment on the death of an illegitimate depositor according to the statute of limitations.

Sec. 47. Adapts the provisions of the Act as to intestate depositors to the law of Scotland. (*b*)

Sec. 48. Provides that any dispute arising between the trustees of Savings Banks and any individual depositor or his representatives, the matter in question shall be referred to the barrister appointed by the Act, and "whatever award, order, or determination shall be made by the barrister shall be binding and conclusive on all parties, and shall be final to all intents and purposes without any appeal." (*c*)

Sec. 49. On being referred to, the barrister may inspect any book or books belonging to the bank in question, and may administer oaths to witnesses; false evidence to be perjury, and the offender prosecuted and punished accordingly. (*c*)

Sec. 50. No powers of attorney given by trustees or depositors, no drafts or orders, no instrument of appointment or instrument for the revocation of any appointment, no determination or order of the revising barrister, nor any other instrument whatever required to be given, issued, signed, made, or produced in pursuance of this Act, to be subject to or charged with any stamp duty or duties whatsoever. (*a*)

Sec. 51. Provides for the appointment of auditors in Ireland, whose names shall be sent up to the National Debt Office without delay. (*d*)

Sec. 52. Every depositor in Ireland to be furnished with a deposit-book which shall contain the rules of the bank printed at length. A duplicate copy of the rules, and also of every annual statement, shall also be exhibited from time to time in each Irish bank, and shall be open to the inspection of every depositor. (*d*)

Sec. 53. Provides for the regular inspection of the books of Irish depositors, not less than twice every year. (*d*)

Sec. 54. Commissioners may close accounts with Savings Banks in Ireland which do not comply with their instructions, and re-open them if they think fit. (*c*) In each case the Commissioners shall forthwith publish a notification of the account being closed, or of the account being re-opened, in the *Dublin Gazette*, and also in some newspaper published in the county in which the said bank is established. (*d*)

Sec. 55. For the more effectually ascertaining from time to time the actual and progressive state of all Savings Banks enrolled under this Act, the trustees of every bank shall annually cause a general statement of the funds of their bank to be prepared up to the 20th November in each year, showing the balance or principal sum due to all the depositors, a statement of the expenses incurred, stating in whose hands such balance is then remaining. Such annual statement shall be attested by two managers or trustees, or one manager and one trustee, and countersigned by the secretary or actuary of such bank, and shall be transmitted to the National Debt Office in London or Dublin (as the case may be) *within nine weeks* from the date above given. If trustees neglect to transmit this account, or refuse to obey the other orders or directions of the Commissioners, then it shall be lawful for the Commissioners to close the accounts of such trustees who thus transgress, and also lawful to re-open them if they see occasion. (*a*)

Sec. 56. If the accounts are not prepared and transmitted within the prescribed time, it shall be lawful for the Commissioners to forthwith publish in the *London Gazette*, and a newspaper published in the county where the bank is situated, the name of such defaulting bank. (*b*)

Sec. 57. The Commissioners are empowered to call for a detailed statement of all the expenses incurred in the management of any Savings Bank. (*b*)

Sec. 58. The treasurer of a Savings Bank must sign the annual statement, where it is shown

by that statement that any sum of money belonging to the bank is in his hands. (b)

Sec. 59. A duplicate of every such annual statement, accompanied by a list of the trustees and managers for the time being, shall be publicly affixed and exhibited in some conspicuous part of each Savings Bank for the information of all depositing therein; and every depositor shall be entitled to receive from the Savings Bank a private copy of the annual statement on payment of one penny. (a)

Sec. 60. The National Debt Commissioners shall, once in each year, render the fullest account of all their dealings with Savings Banks to the Lords of the Treasury, and copies of all such accounts shall be laid before both Houses of Parliament.

Sec. 61. A distinct account to be rendered in the same way, showing the aggregate amount of the Separate Surplus Fund.

Sec. 62. Savings Banks to compute interest on the 20th of May and the 20th of November in each year. (a)

Sec. 63. The Commissioners may keep a balance in the Bank of Ireland under the title of "The Fund for the Banks for Savings," to meet the drafts which may be drawn on account of Savings Banks in Ireland. (a)

Sec. 64. All receipts, orders, certificates, endorsements, accounts, and returns required for carrying out this Act, shall be made in such manner as shall be approved by the Commissioners.

Sec. 65. This Act shall be a full and sufficient indemnity and discharge to the Commissioners, and to the Governor of the Bank, &c. for all things to be done or required to be done in pursuance of this Act. (a)

Sec. 66. Commissioners may employ a barrister and such officers as may be necessary to the carrying out of the provisions of this Act, and the Treasury shall pay them their remuneration, and meet incidental expenses. (a)

Sec. 67. This Act to apply to all Savings Banks (except those mentioned in the next section) established or hereafter to be established in England, Scotland, Ireland, or Wales; Berwick-on-Tweed, the Islands of Guernsey and Jersey, and the Isle of Man.

Sec. 68. This Act must not be held to repeal Acts relating to Post Office Savings Banks, or any of the powers granted to the Commissioners for the Reduction of the National Debt.^[217]

[216] Many of the clauses of the Consolidation Act having been taken entire from previous Acts, and only part of the provisions being new, we propose to distinguish those clauses originally passed in 1828 (9 George IV. c. 92) with the letter (a); those passed 3 William IV. c. 14, by (b); in 1844 (7 and 8 Victoria, c. 82) by (c); in 1848 (11 and 12 Victoria, c. 133) by (d); and under 25 and 26 Victoria, c. 75, by (e). All the other sections of this Act not so marked are new provisions introduced in 1863.

[217] We find from *The Clauses relating to the Establishment of the proposed Bradford Corporation Savings Bank*, kindly forwarded to us by Mr. Rayner, with whom the scheme originates, that sections 3, 4, 6, 8, 9, 11, 14, 30 to 39 inclusive, 41 to 46 inclusive, 48 to 50 inclusive, of the Consolidation Act are proposed to be incorporated in the new Bill about to be introduced into the House of Commons. The new clauses provide that the Corporation may establish a Savings Bank, make regulations for its conduct, appoint a Committee of the Council to manage the undertaking, and a treasurer and other officers to work it; that the aggregate amount of deposits shall not exceed a quarter of a million sterling; that interest should be given at the rate of three farthings per pound per month (or three pounds fifteen per cent. per annum) that debentures shall be issued to depositors for the amounts invested; and that when a person's deposits amount to 50*l.*, he may require a mortgage for that sum to bear interest at four per cent. Other sections provide that the Corporation may raise money by annuities, for the transfer of annuities, for the exemption of deposits and annuities from property and income tax, and for the remedies for depositors, mortgages, and annuitants, by applying the Acts of 1855, 1858, and 1862, to them. We regret our want of space to enter more fully into the details of this important and promising scheme.

Form of Certificate for Transfer from one Savings Bank to another, or to any other description of Savings Bank.

Savings Bank at _____, in the county of _____.

Whereas _____ of _____, a depositor in the above-named Savings Bank, is desirous of closing his [or her] account with the said bank for the purpose of transferring his [or her] deposits to the Savings Bank at _____, in the county of _____; and to enable him [or her] so to do, the said depositor has applied for a certificate of the whole amount due to him [or her], pursuant to the Act (26 and 27 Vict. c. 87): we hereby certify that the sum due to the said depositor for money deposited by him [or her] in this Savings Bank, inclusive of all interest due to him [or her] at this date, amounts to the sum of [*state the amount in words*], of which the sum of [*state the amount, if any, in words*] has been deposited since the twentieth of November last; and we further certify, that his [or her] account with this Savings Bank has been closed by the issue of this certificate.

Witness our hands this _____ day of _____, 18__.

_____ } Two of the Trustees or Managers [appointed
for this object, by the Trustees] of the
above-named Savings Bank.

Examined _____

the Actuary or Secretary of the above-named Savings Bank.

An Abstract of the Act "To make further provision for the Establishment of Savings Banks for Seamen." (19 and 20 Vict. c. 41.—7th July, 1856.)

Preamble. Whereas by the Merchant Shipping Act, 1854, certain powers were given to the Commissioners for the Reduction of the National Debt for the purpose of establishing Savings Banks for Seamen; and whereas it has since been found to be expedient that the immediate management and control of such Savings Banks should be placed in the hands of the Board of Trade. Be it enacted, &c.

Sec. 1. That the Board of Trade may establish in London a central Savings Bank for seamen, and branch banks at such ports or places as they may deem expedient; and that they may receive deposits from or on account of seamen, or their wives and children; and that the total amount standing in the name of any one depositor shall not exceed 200*l.*

Sec. 2. The Board of Trade may appoint shipping offices branch Savings Banks under this Act, and shipping masters agents of the said board to conduct this business.

Sec. 3. The Commissioners of the National Debt shall receive the moneys deposited in these banks on the request of the Board of Trade; shall invest these moneys in the same way as they do the moneys of other banks; and shall pay, together with interest, the sums received on a request signified in the like manner.

Sec. 4. Provides that the Board of Trade may make any alterations which they think fit with respect to the persons entitled to become depositors, the making and withdrawal of deposits, the rate and payment of interest, or any other matter connected with these banks; such regulations to be binding upon all.

Sec. 5. Provides that all sums of money due to any deceased depositor, shall be paid and applied subject to the conditions of the provisions of the Merchant Shipping Act.

Sec. 6. Provides that any person forging a document, or making false representations in order to obtain deposits or interest, shall be punishable with penal servitude or imprisonment.

Sec. 7. The Board of Trade to pay all expenses in carrying out this Act out of the interest received from the National Debt Commissioners.

Sec. 8. An annual account of all deposits and repayments shall be laid before both Houses of Parliament, as also a copy of all regulations made for carrying out this Act.

Sec. 9. All criminal proceedings under this Act to be carried on as under the Merchant Shipping Act of 1854.^[218]

[218] An Act for the establishment of Savings Banks in connexion with the Admiralty, for the benefit of the seaman and marines of the Royal Navy, has just been introduced into the House of Commons, and will, doubtless, be quickly passed into law.

An Abstract of the Act "To Amend and Consolidate the Laws relating to Military Savings Banks." (22 and 23 Vict. c. 20.—13th August, 1859.)

Sec. 1. Repeals the 5 and 6 Vict. c. 71, and the 8 and 9 Vict. c. 27, amending it, and the 12 and 13 Vict. c. 71, and amends and consolidates the said Acts. It also provides that deposits made under these Acts shall not be affected by their repealment.

Sec. 2. Makes it lawful for her Majesty to establish or continue military or regimental Savings Banks, for the purpose of receiving sums of money from non-commissioned officers and soldiers employed in her service in the United Kingdom and foreign stations (India alone excepted), and for the purpose of receiving moneys or funds raised or paid for objects or purpose connected with these officers and soldiers which her Majesty may think fit to authorize to be deposited in these banks.

Sec. 3. Provides that the Secretary at War, with the concurrence of the Commander-in-Chief and the Lords of the Treasury, may make regulations for the conduct of these banks; and that when these regulations shall be signed by her Majesty and laid before Parliament they shall be binding on all concerned.

Sec. 4. These regulations shall determine the rate of interest (which must not exceed three pounds fifteen shillings per cent. per annum), and all the minor points connected therewith; the circumstances under which deposits shall be forfeited to the public; the payment of the money of deceased depositors: may make provision for the deposit of money created for charitable purposes, and may make it obligatory on commanding officers to so deposit such funds; shall make provision for the withdrawal of money; and shall provide for the keeping of proper accounts, and generally for all such matters as relate to Savings Banks.

Sec. 5. The receipt of infants and married women shall be a sufficient discharge for what shall be deemed a valid payment made to them.

Sec. 6. The moneys received in these banks may be applied by the persons receiving them to the payment of such ordinary army services as it may be their duty to pay; and sums payable to depositors shall be paid out of the grants by Parliament for these services.

Sec. 7. Provides that the Secretary at War may direct payment out of the moneys so granted to be made to the account of the National Debt Commissioners, and carried to the account of the Fund for the Military Savings Banks.

Sec. 8. The Commissioners of the National Debt to invest the surplus money in the purchase of bank annuities; the interest arising also to be so applied; and such interest or dividends shall not be subject to any taxes, charges, or impositions whatever.

Sec. 9. The Secretary at War may direct, at fourteen days' notice, the moneys invested in annuities to be transferred to the account of the Paymaster-General at the Bank of England.

Sec. 10. Empowers the National Debt Commissioners to sell the annuities.

Sec. 11. The money arising from the dissolution of certain Regimental Benefit Societies, which was placed in the Savings Banks in the name of each member to accumulate until his discharge, by the Act (12 and 13 Vict. c. 71) may be withdrawn under certain conditions.

Sec. 12. The officers of Regimental Savings Banks shall not be personally liable except for their own wilful neglect or default.

Sec. 13. Provides that full accounts of all transactions in these banks shall be laid before both Houses of Parliament before the 1st of April in each year.

Sec. 14. Military Savings Banks not to be within the provisions of the Acts relating to Savings Banks proper.

Sec. 15. Refers to the construction of the word "India."

Sec. 16. Provides that the Act shall take effect immediately after the regulations have been framed.

(F.)

"An Act^[219] to grant Additional Facilities for depositing Small Savings at Interest, with the Security of the Government for due repayment thereof." (24 Vict. c. 14.—17th May, 1861.)

Postmaster-General may direct Officers in Post Office to receive Deposits.

1. It shall be lawful for the Postmaster-General, with the consent of the Commissioners of Her Majesty's Treasury, to authorize and direct such of his officers as he shall think fit, to receive deposits for remittance to the principal office, and to repay the same, under such regulations as he, with the concurrence of the Commissioners of Her Majesty's Treasury, may prescribe in that respect.

Legal Title of Depositor to Repayment.

2. 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 the purpose, shall be forthwith 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 on the Postmaster-General; and, in order to allow a reasonable time for the receipt of the said acknowledgment, the entry by the proper officer in the depositor's book shall also be conclusive evidence of title for ten days from the lodgment of the deposit; and if the said acknowledgment shall not have been received by the depositor through the post within ten days, and he shall, before or upon the expiry thereof, demand the said acknowledgment from the Postmaster-General, then the entry in his book shall be conclusive evidence of title during another term of ten days, and *toties quoties*; provided always that such deposits shall not be of less amount than one shilling, nor of any sum not a multiple thereof.

Depositors entitled to Repayments not later than Ten Days after Demand made.

3. On demand of the depositor, or party legally authorized to claim on account of a depositor, made in such form as shall be prescribed in that behalf, for repayment of any deposit, or any part thereof, the authority of the Postmaster-General for such repayment shall be transmitted to the depositor forthwith; and the depositor shall be absolutely entitled to repayment of any sum or sums that may be due to him within ten days at farthest after his demand shall be made at any Post Office where deposits are received or paid.

Names of Depositors, &c., not to be disclosed.

4. The officers of the Postmaster-General engaged in the receipt or payment of deposits shall not disclose the name of any depositor, nor the amount deposited or withdrawn, except to the Postmaster-General, or to such of his officers as may be appointed to assist in carrying this Act into operation.

Money to be paid to Commissioners for the Reduction of the National Debt, and repaid to Depositors through Post Office.

5. All moneys so deposited with the Postmaster-General shall forthwith be paid over to the Commissioners for the Reduction of the National Debt; and all sums withdrawn by depositors, or by parties legally authorized to claim on account of depositors, shall be repaid to them out of the said moneys, through the office of Her Majesty's Postmaster-General.

Additional Security to Depositor.

6. If at any time the fund to be created under the authority of this Act by the investment of the deposits shall be insufficient to meet the lawful claims of all depositors, it shall be lawful for the Commissioners of Her Majesty's Treasury, upon being duly informed thereof by the Commissioners for the Reduction of the National Debt, to issue the amount of such deficiency out of the Consolidated Fund of the United Kingdom, or out of the growing produce thereof; and the said Commissioners of Her Majesty's Treasury shall certify such deficiency to Parliament.

Rate of Interest payable to Depositors.

7. The interest payable to the parties making such deposits shall be at the rate of two pounds ten shillings per centum per annum; but such interest shall not be calculated on any amount less than one pound, or some multiple thereof, and not commence until the first day of the calendar month next following the day of deposit, and shall cease on the first day of

the calendar month in which such deposit is withdrawn.

Interest, how calculated.

8. Interest on deposits shall be calculated to the thirty-first day of December in every year, and shall be added to and become part of the principal money.

Investment of Funds received under this Act.

9. The moneys remitted to the Commissioners for the Reduction of the National Debt, under the authority of this Act, shall be invested in some or in all of the securities in which the funds of Savings Banks established under the existing laws may be invested; and a separate and distinct account shall be kept by the said Commissioners of all receipts, investments, sales, and repayments; and a balance sheet of such account, from the first of January to the thirty-first of December in every year, shall be laid before both Houses of Parliament not later than the thirty-first of March in every year.

Depositors desiring to Transfer their Deposits.

10. If any depositor making deposit under this Act shall desire to transfer the amount of such deposit to a Savings Bank established under the Acts relating to Savings Banks, he shall, upon application to the chief office of the Postmaster-General, be furnished with a certificate stating the whole amount which may be due to him, with interest, and thereupon his account under this Act shall be closed; and, upon delivery of such certificate to the trustees or managers of the Savings Bank to which it is proposed by the depositor to transfer such deposit, they shall, if they think fit, open an account for the amount stated in such certificate for such depositor, who shall thereupon be subject to the rules of such Savings Bank; and the amount so transferred shall, upon such certificate being forwarded to the Commissioners for the Reduction of the National Debt, be written off in the books of the said Commissioners from the amount of moneys received under the authority of this Act, and shall be carried to the account of the Savings Bank to which such transfer shall have been made; and, in like manner, if any depositor in a Savings Bank, established under the Savings Bank Acts, shall desire to transfer the amount due to him, with interest, from such Savings Bank to the Postmaster-General, for deposit under the provisions of this Act, the trustees or managers of such Savings Bank shall, upon his request, furnish such depositor with a certificate, in a form to be approved by the Commissioners for the Reduction of the National Debt, signed by two trustees of such Savings Bank, and thereupon his account with such Savings Bank shall be closed, which certificate the depositor may deliver to any officer of the Postmaster-General authorized to receive deposits under this Act, and such certificate shall for the amount therein set forth be considered to be a deposit made under the authority of this Act, and being forwarded to the said Commissioners, the said amount shall then be transferred in the books of the said Commissioners from the account of the said Savings Bank to the credit of the account of moneys deposited under the authority of this Act. Provided always, that nothing contained in this Act respecting Savings Banks shall render it necessary to have the rules and regulations of any Savings Bank again certified if the same have been before certified according to law.

Postmaster-General, with consent of Treasury, to make Regulations, copies of which to be laid before Parliament.

11. The Postmaster-General, with the consent of the Commissioners of Her Majesty's Treasury, may make, and from time to time, as he shall see occasion, alter regulations for superintending, inspecting, and regulating, the mode of keeping and examining the accounts of depositors, and with respect to the making of deposits and to the withdrawal of deposits and interest, and all other matters incidental to the carrying this Act into execution, in his department; and all regulations so made shall be binding on the parties interested in the subject-matter thereof, to the same extent as if such regulations formed part of this Act; and copies of all regulations issued under the authority of this Act shall be laid before both Houses of Parliament within fourteen days from the date thereof, if Parliament shall be then sitting, and, if not, then within fourteen days from the next re-assembling of Parliament.

Accounts to be laid before Parliament.

12. An annual account of all deposits received and paid under the authority of this Act, and of the expenses incurred during the year ended the thirty-first of December, together with a statement of the total amount due at the close of the year to all depositors, shall be laid by the Postmaster-General before both Houses of Parliament not later than the thirty-first of March in every year.

Accounts to be examined by Commissioners of Audit.

13. The annual accounts of the Postmaster General, and of the Commissioners for the Reduction of the National Debt, to the thirty-first of December in each year, in respect to all

moneys deposited or invested under the authority of this Act, shall annually, prior to the thirty-first of March, in each year, be submitted for examination and audit to the Commissioners for auditing public accounts.

Provisions of Savings Banks Acts applicable to this Act.

14. All the provisions of the Acts now in force relating to Savings Banks, as to matters for which no other provision is made by this Act, shall be deemed applicable to this Act, so far as the same are not repugnant thereto.

Expenses of Act.

15. All expenses incurred in the execution of this Act shall be paid out of the moneys received under the authority of this Act.

[219] This Act is so short in proportion to its importance, that it is here given entire. Many of the provisions of the Consolidated Act (1863) apply to the banks established under this Act.

26 *Victoria, c. 14, entitled "An Act to Amend the Laws relating to Post Office Savings Banks,"* (4th May, 1863,) provides:—

Sec. 1. For the transfer of the accounts of minors.

Sec. 2. For the funds of a Savings Bank closing its business to be paid over to the National Debt Commissioners, the money arising from the sale of property to be carried to the separate surplus fund; the receipt of the trustees on the sale of property to be a sufficient discharge to the purchaser. The trustees of Savings Banks about to close to have power to compensate their officers out of the separate surplus fund.

Sec. 3. The information necessary as to the steps to be taken when the trustees of any bank have determined to close.

Sec. 4. For the conversion of perpetual Government annuities at three per cent. into capital stock at two pounds ten shillings per cent.

Sec. 5. Power to trustees to appoint managers to sign transfer certificates.

Sec. 6. That the warrants for converting annuities into capital stock shall be laid before Parliament.

26 *Victoria, c. 25, entitled "An Act to make further Provision for the Investment of the Moneys received by the Commissioners for the Reduction of the National Debt from the Trustees of Savings Banks established under the Act 9 Geo. IV. c. 92,"* (8th June, 1863,) provides:—

Sec. 1. For the cancelling of 24,000,000*l.* of capital stock of annuities, and the creation of a charge on the Consolidated Fund for that amount.

Sec. 2. That the Treasury may cancel an additional amount of stock not exceeding 5,000,000*l.* creating equivalent terminable annuities chargeable upon the Consolidated Fund.

Sec. 3. That the Commissioners may invest the interest payable on the securities created under this Act, and other moneys remitted to them, in the purchase of parliamentary securities, or in any stock or debentures or other securities the interest for which is guaranteed by Parliament.

Sec. 4. That issues in money may be made out of the Consolidated Fund on Savings Bank account on certificate from the National Debt Commissioners.

Sec. 5. That at least one half of the whole amount of securities held for Savings Banks, exclusive of the amount of the charge on the Consolidated Fund (Section 1), shall be parliamentary securities.

Sec. 6. That every year the National Debt Commissioners shall prepare a balance sheet giving the assets and liabilities in respect to Savings Banks, to the credit of which shall be placed the amount of the charge upon the Consolidated Fund for twenty-four millions and all other moneys and securities of every kind; and that a copy of this balance sheet be laid before Parliament each year.

Sec. 7. That the deficiency shown shall be a charge upon the Consolidated Fund.

Sec. 8. That the powers of investment granted to the Commissioners by other Acts, in so far as they are not varied by this Act, shall continue in force.

* * * * *

"The Savings Bank Investment Act," which has just received the Royal Assent (20th March, 1866), empowers the Treasury to substitute terminable annuities for capital stock standing to the account of Savings Banks and Post Office Savings Banks, and empowers the Treasury to make rules as to payments to the National Debt Commissioners. The Treasury is likewise empowered to cancel capital stocks of annuities, and to substitute terminable annuities. The warrants issued by the Treasury to the Bank of England to be a sufficient authority for the cancelling of the stock.

(H.)

FINANCIAL RETURNS, giving the most recent information relating to Savings Banks, Post Office Savings Banks, and Military Banks, including the entire Amount of Deposits placed in each kind of Bank from their commencement.

SAVINGS BANKS AND FRIENDLY SOCIETIES.

AN ACCOUNT of the Gross Amount of all Sums Received and Paid by the National Debt Commissioners on account of Savings Banks and Friendly Societies in Great Britain and Ireland from their commencement (August, 1817) to the 20th of November, 1865, inclusive.

[Transcriber's Note: Column headers for table, below:]

- A. From August, 1817, to 20th November 1865.
- B. Gross Amount of all Sums received from Trustees, including Interest up to 20th Nov. 1865.
- C. Gross Amount of all Sums paid to Trustees, including Interest.
- D. Amount of Money, Principal and Interest, due to the Trustees (Nov. 1865), including £302,030 8s.5d. due on account of the separate Surplus Fund.
- E. Value of the Securities held by the Commissioners (Nov. 1865), at the Prices of that day, to provide for the Money due to Trustees.

A.	B.			C.			D.			E.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
<i>Savings Banks.</i>	90,179,614	18		51,142,506	15		39,037,108	3		36,010,477	4	7
Great Britain & Ireland.			9			0			9			
<i>Friendly Societies.</i>	5,509,975	4	3	3,594,271	4	11	1,915,703	19	4	1,071,198	3	6
Great Britain & Ireland.												
TOTAL.	95,689,590	3		4,736,777	19	11	40,952,812	3		37,081,675	8	1
Savings Banks and Friendly Societies.			0						1			
							Balance			3,871,136	15	0
							Deficient					
										£40,952,812	3	1

POST OFFICE SAVINGS BANKS.

AN ACCOUNT of the Sums due to all Depositors in Post Office Savings Banks throughout the United Kingdom on the 31st March, 1865; of the Expenses of Management of the Post Office Savings Banks to the same date; of the Amount standing to the Credit of the Post Office Savings Banks, on the same date, in the books of the Commissioners for the Reduction of the National Debt; of the Balance in the hands of the Postmaster-General at the same date; and of the Amount of any Loss sustained by the Post Office Savings Banks from the Frauds committed in the Transmission of Deposits, or otherwise.

LIABILITIES.		£	s.	d.	£	s.	d.
Total amount of deposits, from 16th September, 1861, to 31st March, 1865, of the interest allowed and added to principal on 31st December, 1861, 31st December, 1862, 31st December, 1863, and 31st December, 1864, and of the interest allowed and paid on closed accounts up to 31st March, 1865		9,217,809	8	7			
Deduct—							
Repayments to depositors, from 16th September, 1861, to 31st March, 1866		3,851,889	14	6			
Total sum due to all depositors in the Post Office Savings Bank in the Savings Banks in the United Kingdom on the 31st March, 1865					5,365,925	14	1
Surplus of assets over liabilities					41,000	2	1
					5,406,925	16	2
ASSETS.							

for the Military
Savings Banks" at 5th
January, 1866

41,339 10 5 91,979 8 11 221,759 9 8 355,078 9 0

CASH
RECEIVED.

£ s. d.

Total Sum received and applied by the Commissioners to the Purchase of 434,251 <i>l.</i> 16 <i>s.</i> 10 <i>d.</i> £3 per Cent. Stock, as above	407,511 14 10
Deduct the Value received for 94,236 <i>l.</i> 6 <i>s.</i> 6 <i>d.</i> £3 per Cent. Stock, sold by order of Secretary of State for War	88,458 8 5
	<u>319,053 6 5</u>

W. E. GLADSTONE, C. of E. }
H. L. HOLLAND, Gov. } Commissioners.
THOS. N. HUNT, Dep. Gov. }

National Debt Office,
15 February, 1866.

A. Y. SPEARMAN,
Comptroller-General.

POST OFFICE SAVINGS BANKS.

AN ACCOUNT of all DEPOSITS Received and Paid under the Authority of the Act 24 Vict. c. 14,
during the Year ended 31st December, 1865, and of the EXPENSES incurred from the
Commencement of Business, on 16th September, 1861, to 31st December, 1865, together
with a STATEMENT of the TOTAL AMOUNT due at the Close of the year 1865 to all Depositors.

(a.)

ACCOUNT of all Deposits Received and Paid from 1st January to 31st December, 1865.

	£	s.	d.		£	s.	d.
Balance brought forward	4,993,123	11	7	By Repayments from 1st January to 31st December, 1865, viz.—			
To Cash received from Depositors from 1st Jan. to 31st December, 1865	3,719,017	13	4				
	<hr/>			Cash paid	2,303,525	2	10
	8,712,141	4	11	Warrants issued, but not cashed to date	15,085	11	7
	<hr/>				<hr/>		
					2,318,610	14	5
To Interest thereon up to 31st December, 1865, computed according to 7th and 8th sections of the above-cited Act, and added to the Principal Money of the said Depositors	132,869	13	7	Balance due at the close of the year 1865 to all Depositors, inclusive of interest to 31st December, 1865	6,526,400	4	1
	<u>8,845,010</u>	<u>18</u>	<u>6</u>		<u>8,845,010</u>	<u>18</u>	<u>6</u>

(b.)

EXPLANATION OF BALANCE.

	£	s.	d.
Balance due at the close of the year to all Depositors	6,526,400	4	1
Moneys remitted to the Commissioners for the Reduction of the National Debt, from 16th September, 1861, to 31st December, 1864	4,800,900	11	8

1st January to 31st December, 1865		<u>1,402,789 16 2</u>
Deduct:—	£ s. d.	6,203,690 7 10
Amount transferred from Post Office Savings Banks, and which has been written off the account of Post Office Savings Banks, at the National Debt Office, during the period from 16th September, 1861, to 31st December, 1864	4,210 1 4	
Ditto . . . ditto . . . during the year ended 31st December, 1865	<u>2,698 17 11</u>	
		6,908 19 3
Net Amount lodged with the Commissioners for the Reduction of the National Debt for investment		<u>6,196,781 8 7</u>
Add:—		
Interest accruing to Depositors up to 31st December, 1865, including the Interest which accrued up to 31st December, 1864		310,755 16 9
Amount advanced on account of Charges of Management, not recovered until after 31st December, 1865	14,535 10 11	
Balance remaining on 31st December, 1865, to be paid over for investment	<u>4,327 7 10</u>	
		<u>18,862 18 9</u>
		<u>6,526,400 4 1</u>

(c.)

ACCOUNT of CHARGES of MANAGEMENT and of EXPENSES incurred for POST OFFICE SAVINGS BANKS, from their Establishment on the 16th September, 1861, to the 31st December, 1865.

	£	s.	d.
Charges and Expenses for the period from 16th September, 1861, to the 31st December, 1864	91,848	7	4
Charges and Expenses for the year ended 31st December, 1865	<u>49,526</u>	<u>13</u>	<u>10</u>
	^[221] 141,375	1	2
The sum standing to the credit of the Post Office Savings Banks Fund on the 31st Dec. 1865, at the National Debt Office, was	6,582,329	11	7
And on the same day there was in the hands of the Postmaster-General a balance of	<u>4,327</u>	<u>7</u>	<u>10</u>
Making in all	<u>6,586,656</u>	<u>19</u>	<u>5</u>
To meet a liability of	<u>£6,526,400</u>	<u>4</u>	<u>0</u>

[221] Of this sum, which includes the Allowances to Postmasters, Letter Receivers, and others, for conducting Savings Bank business, 126,839*l.* 10*s.* 3*d.* was recovered from the Commissioners for the Reduction of the National Debt prior to 31st December, 1865, and 14,535*l.* 10*s.* 11*d.* has since been recovered from the Commissioners.

General Post Office,
March, 1866.

STANLEY OF ALDERLEY,
Postmaster-General.

GEORGE CHETWIND,
Receiver and Accountant General.

A. C. THOMSON,
Assistant-Controller of Post Office Savings Banks.

As the last sheet of this work was passing through the press, the Postmaster-General's Report for 1865, to which reference has already been made, has been printed. The information therein given respecting the progress of some of the measures which we have had under consideration is so important in itself, as well as illustrative and corroborative of our text, as to justify us in making the following extracts. These extracts, which are here given in his Lordship's own words, plainly show the deep interest he takes in those schemes, which have all been commenced during his term of office, and carried out under his immediate oversight and direction.

Post Office Savings Banks.

The depositors in Post Office Savings Banks increased in number during 1865 at the rate of 29 per cent.; the total sum deposited increased at the rate of 30 per cent. During the first part of the present year the business has increased in a still greater proportion. In the first nine weeks of 1865, the number of deposits was 258,917, and 48,777 new accounts were opened; in the first nine weeks of 1866, 331,027 deposits were made, and 58,472 new accounts were opened. "It is evident, therefore," says Lord Stanley of Alderley, "that great as had been the progress of the Post Office Banks up to the close of last year, there are good grounds for expecting a greater progress hereafter. And I am happy in being able to state, that the Scheme which was framed for the conduct of the Post Office Savings Banks, before any one of them was established, has been found to work well in each and all of its parts, and to admit of any expansion of business, no matter how great or how sudden that expansion of business may be. The officers by whom this Scheme was framed calculated, as a matter of course, upon a large and constant growth of business; but sudden augmentations, arising from causes which could not be foreseen, have been by no means unfrequent. In the first week of the present year, for instance, no less than 10,000 new depositors entered the banks; but even under such sudden and unexpected augmentations of business the scheme of operations has been found to work well."

The following is a comprehensive Statement of the Business of POST OFFICE SAVINGS BANKS from their commencement to the close of the Year 1865, of the Cost of that Business, and of the Funds in hand at the close of each Year.

	PERIOD.				
	From 16th Sept. 1861, to 31st Dec. 1862.	From 31st Dec. 1862, to 31st Dec. 1863.	From 31st Dec. 1863, to 31st Dec. 1864.	From 31st Dec. 1864, to 31st Dec. 1865.	From 31st Dec. 1861, to 31st Dec. 1865.
1	Number of Post Office Savings Banks at close of Period.				
	2,535	2,991	3,081	3,321	3,321
2	Number of Deposits received during Period.				
	639,216	842,848	1,110,762	1,302,309	3,895,135
3	Total Amount of Deposits received during Period.				
	£ 2,114,669	£ 2,651,209	£ 3,350,084	£ 3,719,017	£ 11,834,979
4	Average Amount of each Deposit received during Period.				
	£ s. d. 3 6 2	£ s. d. 8 2 11	£ s. d. 3 0 3	£ s. d. 2 17 1	£ s. d. 3 0 9
5	Number of Withdrawals during Period.				
	97,294	197,431	309,242	407,412	1,011,379
6	Total Amount of Withdrawals during Period.				
	£ 438,637	£ 1,027,154	£ 1,834,849	£ 2,318,610	£ 5,619,250
7	Average Amount of each Withdrawal during Period.				
	£ s. d. 4 10 2	£ s. d. 5 4 0	£ s. d. 5 18 8	£ s. d. 5 13 9	£ s. d. 5 11 1
8	Charges of Management during Period.				
	£ 20,591	£ 25,401	£ 45,856	£ 49,627	£ 141,375
9	Average Cost of each Transaction, viz. of each Deposit or Withdrawal. ^[222]				
	d. 6-7/10	d. 5-8/10	d. 7-7/10	d. 6-9/10	d. 6-9/10
10	Number of Accounts opened during Period.				
	205,928	185,934	226,153	239,686	857,701
11	Number of Accounts closed during Period.				
	27,433	44,760	74,964	98,725	245,882

12	Number of Accounts remaining open at close of Period.	178,496	319,669	470,858	611,819	611,819
13	Total Amount standing to credit of all open Accounts, inclusive of Interest, to close of Period.	£ 1,698,221	£ 3,377,481	£ 4,993,163	£ 6,526,400	£ 6,526,400
14	Average Amount standing to credit, of each open Account at close of Period.	£ s. d. 9 10 3	£ s. d. 10 11 4	£ s. d. 10 12 1	£ s. d. 10 13 4	£ s. d. 10 13 4
15	Total Sum standing to credit of Post Office Savings Banks on Books of National Debt Commissioners at close of Period. ^[223]	£ 1,659,032	£ 3,328,182	£ 4,995,663	£ 6,582,329	£ 6,582,329
16	Balance in hands of Postmaster-General, after allowing for Charges of Management, at close of Period.	£ 35,692	£ 44,413	£ 5,522	£ 4,327	£ 4,327
17	Total Balance in hand, applicable to payment of Depositors, at close of Period. ^[224]	£ 1,694,724	£ 3,372,595	£ 5,001,185	£ 6,586,656	£ 6,586,656
18	Number of Old Savings Banks and Post Office Banks combined, at close of Period.	3,157	3,594	3,659	3,822	3,822
19	Number of Depositors in Old Savings Banks and Post Office Banks combined, at close of Period.	1,732,556	1,876,389	1,967,663	2,078,346	2,078,346

[222] The falling off in the cost per transaction during 1863 and the increase in that cost during 1864 are attributable to one and the same cause, viz., to the payment during 1864 of various charges properly belonging to 1863.

[223] These sums do not include the dividends accruing to the Post Office Savings Bank on the 5th January; that is, five days after the close of the account in each year.

[224] These sums do not include the dividends accruing to the Post Office Savings Bank on the 5th January; that is, five days after the close of the account in each year.

Insurances

"Of the whole number of persons whose proposals have been accepted:—

501	decided to pay their premiums - annually.
20	" " - half-yearly.
81	" " - quarterly.
5	" " - six times a year.
181	" " - monthly.
3	" " - fortnightly.

and

18 have paid their premiums in one sum

"Of the whole number of persons who have commenced to pay premiums, 8 have allowed their policies to lapse by default, and 14, having defaulted, have on application been re-admitted. In no case, however, have I found it necessary to impose the prescribed fine for default.

"The total sum insured at the present time is 60,874*l.*, and the gross annual premium income, exclusive of the sums received in single payments, is 1,924*l.*

"Of the whole number of proposers, 866 have been males, and 68 females. In a very few cases it has been necessary to charge an extra premium for extra risk, arising out of somewhat defective health; and in the case of a few married women, who were pregnant at the date of the insurance, it has been thought right to add to the first premium, but only to the first premium, a special premium of 10*s.* per 100*l.* to cover the risk attendant on confinements.

"No deaths have occurred up to the present time amongst the persons insured."

Annuities.

"Since the commencement of business, 238 proposals for the purchase of Annuities have been received; of these, 4 have been dropped, 4 are under consideration, and 230 have been accepted. Of the proposals which have been accepted, 150 have been for the purchase of Immediate Annuities, the amount of annuity purchased being 3,430*l.*, and the purchase money being 39,774*l.* Of the remainder, 15 were for the purchase, by immediate payments, of Deferred Annuities, the amount of deferred annuity purchased being 232*l.*, and the amount of purchase money paid down being 1,543*l.* The remainder, 65, were for the purchase of Deferred Annuities by annual or more frequent payments, the amount in course of purchase being 1,368*l.*, and the amount of purchase money annually payable being 759*l.* Of the 238 intending annuitants, 103 were males and 129 were females. The remaining six proposals were for insurances on joint male and female lives.

"While the Government Insurance and Annuity Act was under consideration by the Legislature, an opinion was expressed that Friendly Societies which had undertaken to provide, in return for a single subscription, sick pay, old age pay, and death pay, would do well to make arrangements for the transfer of their old age and death risks to the Government, by payment, of course, of a proper consideration, and to confine themselves to dealing with the liabilities contingent on sickness. I have recently received a proposal from a large Friendly Society for the transfer of its old age risks to the Government, and the terms of the arrangement are now under consideration. I am informed, moreover, that other proposals of this kind are likely shortly to be made.

"On the whole, I am able to conclude my observations on this subject by stating, that the Scheme framed for the conduct of Insurance and Annuity business has worked smoothly and well; that the checks established for the protection of the Government have hitherto proved sufficient for their purpose; that the advantages of the measure are gradually becoming known to the classes for whose benefit it was devised, and that, looking to all the circumstances of the case, and the steady and continued growth of the business, the success of the measure may be regarded as established."

**GOVERNMENT ANNUITIES AND INSURANCES GRANTED UNDER ACT
27 & 28 VICT. CAP. 43.**

AN ACCOUNT showing the Number and Amount of Sums received and paid, and the Number and Amount of Contracts granted by Her Majesty's Postmaster-General, under authority of the Act 27 & 28 Vict. c. 43, from the Commencement of Business on the 17th April, 1865, to the 31st December, 1865. together with the Number and Amount of Contracts in existence on the 31st December, 1865, and the Amount paid for Charges of Management.

(I.)

An Account showing the Number and Amount of Sums received and paid on Account of Government Annuity and Insurance Contracts from the Commencement of Business on the 17th April, 1865, to the 31st December, 1865.

		RECEIPTS			PAYMENTS				
		No.	Amount		No.	Amount			
				£	s	d			
To Cash received for the purchase of Annuities, viz.:							By Cash paid to the Commissioners for the Reduction of the National Debt for Investment on Account of Sums received for the purchase of Annuities.		
—							23,046	8 9	
	No.	Amount						By Cash paid to Annuitants, viz.:	
		£	s	d				viz.:	
For Immediate Annuities	87	22,738	9	9				£	s
For Deferred Annuities, Money not returnable	27	845	7	10	423	13	4		
Ditto, Money								Warrants	

returnable	40	497 7 6	154	24,081 5 1	issued, but not cashed at date	5 10 0	33	429 8 4
To Cash received for Fees on Annuity Contracts				139 14 0	By Cash paid to the Commissioners for the Reduction of the National Debt for Investment on account of Premiums received on Contracts for Sums payable at Death			984 0 0
To Cash received from the Commissioners for the Reduction of the National Debt for payment to Annuitants:—					By Balance remaining to be paid to the Commissioners for the Reduction of the National Debt on the 31st December, 1865, viz.:—			
		£ s d			On account of	£ s d		
Gross		430 5 0			Annuity Contracts, including Fees	1,174 10 4		
Less Income Tax		0 16 8		429 8 4				
To Cash received on account of Contracts for the payment of Sums at Death					On Account of Contracts for Sums payable at Death			
			1,076	1,165 13 1		181 13 1		1,356 3 5
			£	25,816 8 6			£	25,816 6

(II.)

An Account showing the Number and Amount of Contracts entered into by Her Majesty's Postmaster-General from the Commencement of Business on the 17th April, 1865, to the 31st December, 1865, and the Number and Amount of Contracts in existence on the 31st December, 1865.

	CONTRACTS.	
	No.	Amount.
Contracts for Annuities granted from the commencement of business on the 17th April, 1865, to the 31st of December, 1865, viz.:—		£ s. d.
		£ s. d.
Immediate Annuities	87	2,100 0 0
Deferred Annuities, Money not returnable	20	438 4 0
Deferred Annuities, Money returnable	25	511 10 0
	132	3,049 14 0
Contracts for Sums payable at Death granted from the commencement of business on the 17th April, 1865, to the 31st December, 1865	547	40,649 2 4
Contracts for Annuities in existence on the 31st December, 1865, viz.:—		£ s. d.
		£ s. d.
Immediate Annuities	87	2,100 0 0
Deferred Annuities, Money not returnable	20	436 4 0
Deferred Annuities, Money returnable	25	511 10 0
	132	3,049 14 0
Contracts for Sums payable at Death in existence on the 31st December, 1865	544	40,349 2 4

(III.)

An Account showing the Amount paid for the Charges of Management from the Commencement of Business on the 17th April, 1865 to the 31st December, 1865.

£ s. d.

Salaries of Officers	159	0	10
Stamps on Policies	32	10	0
Fees to Medical Officers	13	7	6
Incidental disbursements, including Travelling Charges	7	3	8
Postage	123	4	5
	£	<u>335</u>	<u>6 6</u>

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