

Sandra Maß

## **The Savings Movement in the Last Third of the Nineteenth Century: Children, School Savings Banks and Politics**

The decision not to spend all available cash but to put a sum aside for the future was of existential significance for the majority of people in the nineteenth century. Uncertain employment conditions, unforeseeable illness and death meant that taking financial precautions was essential for the lower classes; however minor the sums in question. But also for the middle classes pecuniary reserves were frequently used to start or expand capital reserves for further investment. In the second half of the nineteenth century the public entreaties directed at citizens of many European countries to privately save were firmly entrenched in the values systems of the middle and working classes.<sup>1</sup> Local and national savings movements were proactive in Belgium, France, Britain, in the German states, the Hapsburg Empire, Switzerland, Russia and in Italy and their message was directed at individuals as well as associations and state institutions.

The discourse surrounding the nurturing of frugality became a transnational phenomenon, shaped by a major process of change, related to the politicisation of what had been a virtuous middle-class ideal. The historian of education, Christa Berg, claims that frugality underwent a process of 'privatisation' during the nineteenth century, which stripped it of its socio-economic function. Although, Berg still ascribed thriftiness with a 'stabilising intention [...] in the sense of "orderliness/efficiency"' this was predominantly related to 'domestic happiness'.<sup>2</sup> I would like to mention two factors, which I believe illustrate instead the politicisation of private financial economy. Firstly, in discussions on social issues frugality was viewed as a means to combat political unrest. Secondly it was hoped that private financial thriftiness would strengthen the national economy and would result in competitive advantages over other nations and cultures.

I will now describe the systems of school savings banks, discuss the contemporary criticism from 1870 surrounding their institutionalisation and then analyse the establishment of school savings banks as a political phenomenon.

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1 Die Ideengeschichte der Sparsamkeit von der Antike, über die Scholastiker und die Reformation bis zum Merkantilismus und Kapitalismus ist gut erforscht. Vgl. u.a. WINKEL, Sparen; WALTER, Sparprozeß; MÜNCH, Parsimonia.

2 BERG, Fabrikation, S. 70; dies., Rat geben, S. 717.

## The System of School Savings Banks

Nineteenth-century educational guides underlined the responsibility placed on the family environment to educate children in good economic management. At the same time other education structures also increasingly featured in the public debate. Primary schools in particular were to be instrumental in educating children on the right way to handle money.<sup>3</sup> If the task of schools was to be perceived as rearing ‘good and morally virtuous citizens’, in the words of school savings banks supporter and senior civil servant Leo Wilhelmi, then it was there that frugality must be encouraged.<sup>4</sup> The proposal to introduce school savings banks proved contentious and public reaction was frequently polemic. Indeed the school savings bank as an institution elicited publicity from diverse professional and national arenas and from both men and women. The conflict over school savings banks resulted in a verbal exchange of blows between supporters and opponents in the relevant pedagogic journals.<sup>5</sup>

The sudden eruption of the debate and the polemic surrounding it in the 1870s suggest that there had been no prior education in schools on frugality. However, education in schools on practices of thrift was not new.<sup>6</sup> There were numerous examples of didactic materials that taught frugality and financial numeracy: textbooks and reading primers, word problems and collections of proverbs all taught pupils to exercise care with objects, food and of course money. The monetary equivalence of things and commodities was learned and practised, and written exercises in arithmetic were placed in a monetary context.<sup>7</sup>

Great Britain, Belgium and France had experimented much earlier with savings associations and savings banks for children. It was therefore not a new idea that was being discussed in the 1870s, but its proponents now envisaged the introduction of savings banks in *all* primary schools. The system had spread to almost all western and central European countries (including Russia) by the end of the nineteenth century and also reached the USA and Japan. It became firmly established in subsequent years.

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3 Zur Geschichte der Schulsparkasse vgl. MAB, Mäßigung der Leidenschaften; BERG, Konkretisierung; MÜLLER, Schulsparkassenbewegung; SCHULMUSEUM BERGISCH-GLADBACH (Hrsg.), Geschichte des Schulsparens; SCHULMUSEUM NORDWÜRTTEMBERG (Hrsg.), Schulsparen.

4 WILHELMI, Schul-Sparkasse, S. 9.

5 Die Schulsparkassen, ALLGEMEINE DEUTSCHE LEHRERZEITUNG, 34, 1882, 7, S. 59-62; Georges, Was ist von der Schulsparkasse zu halten?, DEUTSCHE BLÄTTER FÜR DEN ERZIEHENDEN UNTERRICHT, 11, 1884, 17, S. 133-136.

6 „Der erziehende Lehrer, wenn anders christliche Weisheit ihn leitet, sucht solche Kinder, welche eine hervorragende Neigung blicken lassen, das in ihren Besitz zu bringen, was Genuß gewährt, darauf aufmerksam zu machen, daß sie es möglichst klar auffassen, das Eigenthum sey nur ein besonderes und großes Beförderungsmittel menschlicher Glückseligkeit. Er sucht sie dahin zu bringen, ihr künftiges Vermögen durch Sparsamkeit zu erhalten und solches durch gottgefällige Arbeitsamkeit zu vermehren; aber nicht, um mit unseligem Streben das Genußgewährende leidenschaftlich an sich zu bringen, und es entweder als einen todten Schatz zu bewachen, oder zum Kitzel ihrer sinnlichen Gelüste anzuwenden.“ Art. Habsucht, in: UNIVERSAL-LEXICON DER ERZIEHUNGS- UND UNTERRICHTSLEHRE FÜR ÄLTERE UND JÜNGERE CHRISTLICHE VOLKSSCHULEHRER, Augsburg 1840, Bd. 1, S. 588-590, hier S. 590.

7 Vgl. SCHMIDT (Hg.), Rechenbücher.

The individual models of school savings schemes varied between states: school savings banks could either be autonomous or under the control of a local savings bank, working in close cooperation with them but also for them. The basic structure consisted of pupils handing to their teachers, on certain days of the week, small sums of money that they had received as presents, pocket money and for work. The teacher entered the sums in a special cash ledger. The pupils were responsible for looking after their receipts. When the amount saved reached a specific sum the teacher transferred the money to the local savings bank and an interest-bearing account was opened in the name of the child. The savings book remained in the possession of the teacher in order to prevent the pupils being able to withdraw the money. The explicit permission of the parents was required before any balance could be cashed.<sup>8</sup>

### Criticism of Foreign Material in Schools

School savings schemes became popular in Germany rather later than in many European countries. The delay was caused by the criticism directed at the institutionalisation of financial education. Resistance to school savings banks came predominantly from teachers. In 1878 the *Berliner Bezirksverband des Deutschen Lehrervereins* (Berlin District Association of the German Teaching Union) and the *Leipziger Lehrertag* (Leipzig Teachers' Conference) flatly rejected their introduction.<sup>9</sup> The Berlin teachers published a ten-point plan, which stated that there was neither time nor any pedagogic necessity for the introduction of school savings banks. The banks would exacerbate class differences, introduce materialism to the school and could lead to pupils' moral decline.<sup>10</sup> The Vienna teaching union *Volksschule* and the 1875 assembly of the Lower Austrian teacher's conference argued that children lacked an adequately developed sense of the future.<sup>11</sup>

Opponents of school savings banks accepted that 'fostering a sense of frugality' should be learnt in school and that frugality was a 'valuable economic quality' which had proved itself

8 Vgl. WILHELMI, Schul-Sparkasse, S. 5-7.

9 Hierbei konnte es durchaus auch etwas emotional zugehen, wie einige Artikel zeigen. H. Fricke, Entgegnung auf einen Artikel der „Reform“ Nr. 182 betreffend Schulsparkassen, in: PÄDAGOGISCHE REFORM; zugleich Zeitschrift der Hamburger Lehrmittelausstellung 6, 1882, 33, S. 133. Fricke hatte 1881 einen vierteiligen Vortrag in der Pädagogischen Reform veröffentlicht. H. Fricke, Ueber Schulsparkassen, PÄDAGOGISCHE REFORM, 5, 1881, 21-24, S. 85f, 89f., 93-95, 97f. Auch die Leser beteiligten sich in Form von Leserbriefen an der Agitation, vgl. A.S., Ueber Schulsparkassen, ALLGEMEINE SCHULZEITUNG FÜR DAS GESAMTE UNTERRICHTSWESEN, 55, 1878, 29, S. 225f. Vgl. auch: MÜLLER, Schulsparkassenbewegung, S. 130. Trende verweist auf einige deutsche Lehrerverbände, die sich für die Schulsparkasse aussprachen. TRENDE, Geschichte, S. 376.

10 Zit. nach: LEINWEBER, Beiträge, S. 22. Die Kritiker der Schulsparkassen waren ebenfalls gespalten in generelle Gegner, moderate Zweifler und ironische Kommentatoren. Ein Beispiel für die letztgenannte Haltung war der deutsche Nationalökonom und Historiker Wilhelm Stieda (1852-1933). Er charakterisierte in einer Besprechung von Neuerscheinungen zur Schulsparkassenfrage, dass durch sie „der warme Hauch der Ueberzeugung von der Heilsamkeit der Sache“ wehe. STIEDA, Zur Schulsparkassen-Frage, S. 144.

11 „Hat denn aber das Kind im schulpflichtigen Alter ein Verständnis für die Sorge um die Zukunft, ja selbst um die Gegenwart? In der echt kindlichen Natur hat der Gedanke an die Zukunft und das Streben, diese durch Ansammlung von Schätzen möglichst günstig zu gestalten, gar keinen Raum, denn das Kind weiß nicht einmal, wessen es in der Gegenwart bedarf.“ Schulsparkassen, ALLGEMEINE DEUTSCHE LEHRERZEITUNG, 28, 1876, 7, S. 51f, hier S. 51.

‘an effective means of preventing self-indulgence, wastefulness, laggardness and its unhappy consequences’.<sup>12</sup> However they did not view school savings banks as an appropriate means of learning frugality.<sup>13</sup> The key aspect of their criticism lay in the premature introduction of money into what should be considered a carefree phase of childhood, and that it would lead to materialism supplanting civil liberties in schools.<sup>14</sup> School savings banks would raise pupils to be ‘unchildlike children’.<sup>15</sup>

The Austrian headmaster, Leinweber, polemicised against his more intractable colleagues saying ‘it was finally time that the repeated references to humanitarian ideals in the teaching world made space for the sober considerations of achievable educational goals’.<sup>16</sup> School savings banks were subsequently introduced in the German empire at the end of the nineteenth century.

### **Social Questions Surrounding Frugality**

The institutionalisation of school savings banks actually became politicised in a very different sense to that construed by opponents of school savings schemes: as a result of debates about ‘the social question’. This had been an issue since the 1870s due to fears of uprisings, such as in Paris in 1871, and the bitter experiences of economic crises which were devastating European states at that time.<sup>17</sup> The delayed expenditure that saving allowed and the presence of a monetary reserve in school were presented as possible solutions to the conflicts between rich and poor and also between the left and right of the political spectrum.<sup>18</sup> Saving, said its supporters, was a political act that would contribute to reducing social inequality in the country, combatting the poverty of the workers and eliminating political turmoil. If children were educated early in their lives on the benefits of frugality, then political tension over ‘the social question’ would be relieved. The advocates of savings schemes implied political evidence suggesting that class relations were not responsible for the misery of the poor and the workers rather it was due to individual failures in money management. Poverty could generally be attributed to ‘personal mistakes’ according to Carl Foerster, the author of a book

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12 SCHROER, *Wider die Schulsparkassen*, S. 9.

13 Vgl. ebd., S. 10.

14 FRICKE, *Schulsparkassen*, S. 93.

15 Einige Bedenken gegen die Schulsparkassen, *ALLGEMEINE SCHULZEITUNG FÜR DAS GESAMTE UNTERRICHTSWESEN*. Organ des Vereins für Wissenschaftliche Pädagogik 57, 1880, 11, S. 84-85, hier S. 85.

16 LEINWEBER, *Beiträge*, S. 21.

17 RITTER, *Sozialversicherung*, S. 9.

18 Vgl. AUFFENBERG, *Sparpfennig*, S. 1: „Und daß das Sparen von Wichtigkeit und tief eingreifender Wirkung im socialen Leben ist, darüber sind alle, welche über die sociale Frage schreiben, einig und soll in diesem Werkchen dem gewöhnlichen Manne klar gemacht werden.“ Auffenberg war Geistlicher und richtete seine Schrift vor allem an Handwerksgelesen.

on good money management written in 1885.<sup>19</sup> He recommended abstemiousness and good budgeting even for the poorest day labourers.<sup>20</sup>

Criticism of the lower classes' financial management was directed explicitly against the social democracy movement. The German cleric, Auffenberg, adjudged that the social democrats had little interest in private property or saving because they wanted to divide ownership of land and property. He succinctly summarised his argument by saying 'those who save are not social democrats or anarchists'.<sup>21</sup> The working classes would, however, escape from their dangerous 'taverns' and associated agitation if they took to heart the (middle class) values of domestic financial economy and family unity.<sup>22</sup> Savings exponents saw favourable perspectives for a solution to the 'worker question' if workers could be deprived of their taverns and could practise careful management of their money, then, asserted Carina Schröter 'the *propertied classes* did not revolt, because they feared for their *property*'.<sup>23</sup>

Part of the political motivation behind the petitions to introduce saving to elementary education was the desire to nip any potential social unrest in the bud. Middle-class reformers and economists believed that saved private capital would serve as a bulwark against revolutionary aspirations.<sup>24</sup> However this assessment was not universally shared. The German economist Wilhelm Stieda for example, confirmed that while there had indeed been a general increase in institutional saving in Europe both with regards to the number of accounts and the amounts saved, he regarded the calming impact upon social democracy to be an overestimation of the effects of frugality for which there was no empirical corroboration.<sup>25</sup>

### **National Economy, Nation and Civilisation**

Such objections did not make an impression on the advocates of European school savings banks. They were not just directing their energies at individual children. They were widening their perspectives to include society as a whole. They aimed to influence parents and workers in order that the nation and its economy may profit from the introduction of institutionalised

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19 FOERSTER, Kunst, S. 8.

20 Ebd., S. 9.

21 AUFFENBERG, Sparpfennig, S. 12. „Wer gut spart, ist kein Socialdemocrat. [...] Wir wollen aber zugeben, daß nicht gerade alle von der schlimmsten Sorte sind.“ Ebd., S. 15. Ähnlich prägnant formulierte es Kuntze: „Es ist gewiß nicht zufällig, daß unter den Arbeitern, welche 1848 in der französischen Revolution gefallen sind, kein Einziger sich befand, der ein Sparkassenbuch besaß! Und sicher wird man auch heutzutage weder bei den vaterlandslosen sozialdemokratischen Führern, noch bei den Verführten, Kunden unserer Sparkassen finden [...]“ KUNTZE, Sparen, S. 6.

22 WILHELMI, Schul-Sparkasse, S. 18.

23 SCHRÖTER, Schulsparcassen, S. 37.

24 WILHELMI, Schul-Sparkasse, S. 3. An anderer Stelle betonte Wilhelmi allerdings, dass die Schulsparkassen die soziale Frage nicht lösen könnten. Ebd., S. 18. Auch der Bibliothekar Ratkowsky sah durch die nationalen Sparbemühungen jedes Einzelnen eine Grundlage, die Versuche „die bestehende Ordnung gewaltsam umzustürzen“ abzuwehren. RATKOWSKY, Schulsparcassen, S. 28.

25 STIEDA, Zur Sparkassen-Frage, S. 144.

practices of thrift. The secretary of the chamber of commerce in Kiel, Hansen, wrote of the ‘reforming mission for the life of our nation’,<sup>26</sup> in an article in the bourgeois journal *Arbeiterfreund*, (Worker’s Companion).<sup>27</sup> The diffusion of frugality, even to the lower classes would not only avert political unrest, but would work towards the greater good.

Eugène Cuissart, who was later elected to the French assembly, described to the Society of Political Economists in Lyon in 1880 how workers saving money would contribute actively to civilisation and to progress. They would have an impact on public morals as well as national prosperity.<sup>28</sup> Cuissart was not alone; many of his contemporaries shared the belief that the dissemination of thrifty financial practices could be an important criterion for, and indicator of, the cultural development of a nation. Industriousness and thriftiness were viewed as the pillars of national and cultural progress by the proponents of school savings schemes. Lord Mayor Kuntze of the German town Plauen even ascribed civic virtues a strategic advantage in international disputes. In conflicts between civilised peoples, the victors could only be the people ‘who cultivated and practised the virtues of orderliness, industriousness, moderation, self-control, economy and frugality’. Animals and ‘coarse peoples’ were, in contrast, only concerned with the present, stated Kuntze, and had no concept of the advantages provided by a forward-looking accumulation of property.<sup>29</sup>

Kuntze was expressing an opinion common in economic theory at that time. Certain economic behaviour was connected to the awareness of the temporal dimension. The German economist Wilhelm Roscher stressed that children were not capable of thriftiness as they had no concept of time, ‘Capital is the consequence of the past, where present indulgences are sacrificed for the sake of the future. Childish and laggardly mindsets, where one simply lives for the moment, are contrary to its development’.<sup>30</sup> The ability to distinguish between past, present and future was a central requirement of the capacity to save.<sup>31</sup> This differentiated not only children from adults but also the so-called savages from reputedly civilised peoples. The education of a child was presented as a miniature version of the development of modern culture from wilderness to civilisation.<sup>32</sup> Frugality acted as the drive behind the civilised

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26 HANSEN, Schul- und Kindersparkassen, S. 467.

27 Vgl. RATKOWSKY, Schulsparcassen, S. 12.

28 CUISSART, Caisses, S. 4. „C'est ce qu'on appelle de l'éducation, moyen infaillible d'améliorer, la situation matérielle, intellectuelle et morale des citoyens, c'est-à-dire de la nation.“ Ebd., S. 5.

29 KUNTZE, Sparen, S. 7f. Smiles formulierte ähnlich: „The savage is the greatest of spendthrifts, for he has no forethought, no to-morrow. The pre-historic man saved nothing.“ SMILES, Thrift, S. 2.

30 ROSCHER, Grundlagen der Nationalökonomie, S. 88.

31 „To forecast the needs of to-morrow, denying oneself to-day, so as to be prepared to meet the future demand, is no easy matter, and requires both knowledge and foresight, but he that has learned to discipline himself is the freeman.“ BROWN, Thrift, S. 5.

32 PINHORN, Spending, S. 30f.

development of European peoples. Advocates of education on good financial management believed that a comprehension of the prospect of the immediate future enabled humankind to develop from groups of naked savages into modern civilisations and economies and they considered that continued improvement lay in the hands of (frugal) children.

The school savings banks were political on three levels: Firstly school savings banks were discussed in connection with problems of social inequality and were styled by many as *the* weapon against socialism. Secondly its proponents believed the economically and nationally significant saving measures by children would represent an advantage for the state in the competition between nations. They simultaneously characterised the ability to save as an indication of European civilisation. And finally state-sponsored school savings were predicated upon monetary self-regulation. The institution was directly connected with the discourse of moderation contained in parenting guides. The basic premise was to encourage an advanced and economically prosperous nation, in which individuals were independent of state paternalism in the form of social welfare and where their freedom to make decisions was not constricted by debt and scarcity. Such citizens would be supportive of the state and would have a vested interest in the maintenance of order. In contrast to parenting guides, which advocated the control of pecuniary habits through individual investments, school savings banks were an administrative attempt by government to combine welfare, economically necessary austerity measures and the discipline of potential trouble-makers. And one could not begin early enough.