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EDITORIAL

SAVINGS BANKS BENEVOLENCE.

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ALTHOUGH the workingmen, or women, who have moneys in the savings banks are few, the unwilling light that is being thrown upon the savings banks by the discussion whether the interest on the deposits should be lowered from 4 to 3½ per cent. is of more than general interest.

All the savings banks, of course, would like to pay as small an interest as possible on their deposits. The lower the interest they pay, the larger the dividends on the stock of their stockholders. A circumstance interferes to check this tendency—the competition among these “benefactors of the poor man.” Each of these “poor man’s banks,” as savings banks love to call themselves, tries to cut the others’ throats—out of pure love to the “poor man.” A way to attract depositors is to raise the rate of interest. So it happened that rates were recently raised from 3½ to 4 per cent. Now some of the savings banks have proposed to the others to lower the rate back to 3½ per cent. A dispute arose; and truths are being told. Among these truths is the information that during the late crisis, when stocks tumbled, the savings banks made large purchases, and that, these large amounts of cheaply bought stock having regained their former standing, the savings banks have become enormously more wealthy, and can well afford to retain the 4 per cent. rate of interest.

This information is choice. The workingmen, however few they may be, who make any deposits in savings banks, do an injury to themselves and their class. The moneys so deposited are borrowed by capitalists to buy improved machinery and thereby throw workingmen out of work. Thus workingmen’s deposits reappear in the shop in the shape of the means that knock the bread out of workers’ mouths. This is well understood. Less well understood is the “benevolent” working of savings banks in another direction.

Top-capitalists are not forced by crises to unload their stocks. A crisis is usually their opportunity to buy cheap, thereby to expropriate the small holders. The stocks dumped on the market at times of crises are dumped by the smaller fry—the middle class; and this is the class that patronizes savings banks.

Accordingly, the revelation now being made of the greediness of savings banks to profit by the distress of the class of people whom crises pinch shows these savings banks to be direct agencies for the pauperization of the very middle class from whom they recruit most of their patrons.

Pretty good for “banks of the poor man”—they are the means to knock out of work those who are already proletarians; and they are the means to help turn into proletarians the small holders who are not yet there.

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