

EDUCATION DEPARTMENT,

12th October 1891.

SIR,

THE enactment during the last Parliamentary session of a measure, by which the parents of children attending Public Elementary Schools have been largely relieved from the payment of school fees, furnishes a suitable opportunity for inviting the renewed attention of School Managers and Teachers to the importance of thrift, and to the exceptional facilities possessed by Elementary Schools for the encouragement of this practice in early life.

In a Circular issued from this Department in July 1881, my Lords took occasion to urge the consideration of this subject upon all concerned in the management of Elementary Schools; and this appeal met with a ready response in many parts of the country. During the ten years which have since elapsed the number of Banks in connexion with Elementary Schools under inspection has greatly increased. There were in 1880, 1,087 such Banks, and in 1890 the number had risen to 2,498. Much, however, yet remains to be done in this direction, and the practical abolition of School Fees has rendered it easier for School Managers and Teachers to enlist the co-operation of parents, and to bring under their special notice the existence of the School Bank and the use which might now be made of it.

The general principles which should be kept in view in relation to this and kindred means of extending the usefulness of our Public Elementary Schools, have been repeatedly brought under the notice of Managers. In the "Instructions to Inspectors"—a copy of which is required by Art. 8 of the Code to be kept in every School—it is pointed out (par. 53) that a good School under favourable conditions does not limit its work to the scheme of instruction prescribed in the Code, or to preparation for examinations; but seeks by many subsidiary expedients to render service to the children, and to exert a right influence on their characters and their aims in life. Among these expedients, the provision of a School Savings Bank is specially enumerated. My Lords consider the present an opportune moment for repeating this suggestion, and for pointing out briefly the reasons which justify it.

Experience has shown that many of the evils which weigh most seriously on the industrial classes in this country are the results of improvidence and waste. But some of these evils admit, at least, of partial remedy. To learn how to economise slender resources, how to resist temptation to needless expense, and how to make reasonable provision for future contingencies, is an important part of education. Such knowledge is calculated to protect its possessor from much trouble and humiliation, and to help him greatly in leading an honourable and independent life.

In mature years, it is often found difficult to acquire this knowledge, and still more difficult to apply it in practice. But in a school much may be done to render its acquisition easy to children, and to show to them the advantages of economy and foresight. Simple lessons on money, on the conditions which affect the rate of wages, on the relations of skill, prudence, and knowledge to industrial success, and on right ways of spending and saving, may be made very intelligible and interesting to the young.* Economy, however, is a habit; and is to be learned, as other habits are learned, rather by practising it than by listening to demonstrations of its importance. During the school life of a child there arise many temptations to the heedless and wasteful expenditure of small sums; and many occasions on which, if the opportunity were offered, such sums might be usefully and wisely saved. The child who is helped to deny himself some trifling present gratification, who is encouraged to save by degrees a few shillings, and who finds this sum available for the purchase of books or clothes, for helping his parents at a time of family misfortune, or ultimately for his own equipment on leaving

* Teachers will find the material for effective lessons on this subject in any good elementary treatise on economic science.

school for work, has received a practical lesson in forethought and self-restraint which will probably abide with him for life.

The value of such a lesson is not to be measured solely by its effect on the scholar's own character and welfare. It exercises a reflex influence on the whole household to which he belongs. And when a parent resolves to set apart even a portion of the pence saved under the Education Act of 1891, and to deposit it regularly in the scholar's bank, the educating work of the school is extended to the home, the interest of other members of the family is excited, small economies become easier, and the savings bank, which at first receives only a few trifling sums, becomes recognised as a household institution, to be maintained long after the school life of the youngest child is ended. The possession of even a small reserve, or capital, places it in the power of the workman gradually to acquire the ownership of his house or a piece of land, to take a share in an industrial partnership, or to enter on a small business, which, although at the outset it may only employ himself and his family, may, by his economy, industry, and skill, become the means of employment to many others, and so contribute to the general prosperity. Thrift and temperance are very nearly allied: each is helpful to the other, and having regard to the enormous waste caused by intemperance, there can be little doubt that if the people of these islands were more temperate and thrifty, our home trade and the profitable employment of our people therein would be very greatly increased.

The well-known thrift of the peasantry and artisans of France has had a remarkable influence in adding to their comfort and sense of independence, in developing the commerce and manufactures of that country, and in enabling her people, a few years ago, to recover with extraordinary rapidity from the effect of a great national calamity. It cannot be doubted that the institution of the school savings bank—*caisse d'épargne scolaire*, has contributed largely to this result. From a memorandum recently presented to Parliament and prepared by an officer of this Department (Report of the Committee of Council on Education, 1890-91, p. 276), it appears that no fewer than 478,173 scholars in the French elementary schools have little banking accounts of their own, and that the total sum standing to their credit is 12,683,312 francs, or more than half a million sterling.

In Belgium, a country with 6,030,043 inhabitants, the School Savings Bank is also a very popular institution, and is largely used by parents in making their earlier and humbler efforts in economy, before they are able to open accounts in their own names. The last official returns for that country show that out of a total number of 622,929 scholars in the primary schools, 171,589 have banking accounts, and that the sum standing to their credit amounts to 2,930,359 francs, or 117,214*l.*, the average deposit rather exceeding 16 francs per head. Even this result is described in the official reports as less satisfactory than in some former years, and has been attained during the months of an exceptional crisis seriously affecting the industry and agriculture of the country.

No such extensive use has yet been made of the school bank system in our own country. But in certain places, and wherever the experiment has been tried in a judicious, business-like, and kindly spirit, it has proved remarkably successful. For example, in the single city of Liverpool, 68 School Banks have been established in connexion with the Liverpool Penny Savings Bank Association. Year by year the number of deposits increases, and in 1890 the number of separate children's accounts had risen to 25,114, and the sum deposited to 10,518*l.* Each quarter any child having ten shillings or more in the School Penny Bank, has that sum or the multiple of it, transferred in his or her own name to the Liverpool Savings Bank, certified under the Act of 1863. This practice lightens the responsibility of the school authorities, and introduces the depositors to a savings bank which they may continue to use after leaving school. The sum of 2,523*l.* was so transferred in 1890.

These results have been achieved without the pressure of any authority, but mainly by the voluntary exertions of the friends and Managers of schools, and by the intelligent co-operation of the Teachers. The advantages of thrift have first been simply explained to the children, and then opportunities for

its exercise have been placed within easy reach. In some schools, in which it has been the practice to give small money premiums for special proficiency, industry, or good conduct, the prize has taken the form of a deposit in the Savings Bank in the scholar's name, so that, on leaving school, he has been presented with a Bank book, and a substantial nucleus for future saving. In Art. 102 of the Code there is a special provision for the payment of certain sums to the Managers of a school in respect of each Pupil-teacher who, at the annual examination, passes fairly or well. The sums thus granted on behalf of the Pupil-teacher may often with great advantage be placed in the Savings Bank, and reserved until the completion of his apprenticeship, to meet the expenses necessarily attendant on his admission into a Training College.

My Lords are aware that Penny Banks and Provident Clubs of various kinds have already been founded, in many schools aided by the Parliamentary Grant. In Glasgow, Manchester, Hull, and other large towns, as well as in Liverpool, the Trustees of Savings Banks certified under the Act of 1863 have been actively instrumental in their formation. My Lords have no wish to interfere with any existing plans which are found to work well. Every expedient which encourages economy and forethought has its educational value. But shoe clubs, clothing clubs, and other temporary devices which merely aim at supplying a particular want, have the disadvantage that they do not last after that want is once satisfied, and are of little service in the formation of a permanent habit. What is to be desired is that the scholars should become early familiar with the practice of saving in view of *any* possible future need. My Lords desire, therefore, to remind School Managers and Teachers of the special facilities offered by the Post Office for the establishment of Penny Banks in schools. Such banks, when formed, may readily be placed in connexion with the local Post Office Savings Bank. Small books for the use of the children have been prepared, and are issued gratuitously by the Savings Bank Department, and the necessary rules, which are few and simple, will be found printed in each of these books. Suitable ledgers for keeping the accounts of the School Bank in a simple form can also be obtained at a small price. Deposits of small sums should be entered in the scholar's book and in the school ledger, and as soon as the sum paid by any depositor reaches a sufficient amount, he should be assisted to open a separate account in his own name in the Post Office Savings Bank, and he will thus be able, if he wish it, to make his subsequent payments direct to the Post Office. Although the lower limit of deposits in the Post Office Savings Bank is fixed at one shilling, facilities are afforded for saving penny by penny by means of postage stamp slips. This simple plan has proved very serviceable, as a means of interesting children, and helping their earliest efforts to save. The forms specially issued for this purpose are readily procurable, and will be found to contain full directions as to their proper use.

My Lords, while fully appreciating the services which the Teachers of schools may render in the promotion of economy, are unwilling to cast upon them any additional labour and responsibility which might interfere with the proper discharge of their daily duties. They believe, however, that They may rely with some confidence on the good will of School Managers for help in devising and carrying out the needful arrangements. Two or three members of a Local Committee may act as Trustees of the School Bank, and may open an account with the nearest Post Office Savings Bank. On one or two mornings in the week, one of the number should be present to receive deposits, and to conduct the simple business connected with the withdrawal of money or its transfer to the Post Office Bank.

My Lords believe that the general adoption of such a plan will greatly increase the usefulness of the Elementary Schools as instruments for the formation of character, and will, in present circumstances, not be without a valuable influence in awakening the sympathy and interest of parents. They, therefore, invite to the whole subject the consideration of members of School Committees and Boards, and of those persons of leisure and influence who are interested in Elementary Schools, and in the future well-being of the scholars. The Annual Return (Form 9) required to be filled up by Managers has long contained a question respecting the existence of a Bank in

the school, and my Lords have recently introduced into this form two further questions respecting the number of scholar-depositors, and the total amount standing to their credit. They trust that year by year the number of satisfactory replies to these questions will largely increase.

Since occasions often arise in which Teachers and local Managers are asked for counsel respecting other forms of providence and thrift than those immediately connected with a school, an Appendix is added to this letter, containing some particulars which have been drawn up by the authorities of the Post Office in explanation of the kindred agencies by which the habit of saving may be encouraged in later life. It may also be convenient to the Managers to learn from the enclosed leaflet the steps which those authorities have recently taken to enlist the co-operation of local postmasters, and to afford all needful aid to persons interested in the promotion of economy among the industrial classes.

I request that this letter and its enclosure may be preserved in your school portfolio for the information and future reference of the Teachers and Managers.

I am,

Sir,

Your obedient Servant,

G. W. Kekewich

APPENDIX.

POST OFFICE SAVINGS BANKS.

ORDINARY DEPOSITS.—Deposits of not less than 1s., or more than 30l. in one year, or 200l. in all, are received by the Post Office Savings Bank, and interest is paid at the rate of $2\frac{1}{2}$ per cent., or $\frac{1}{4}$ d. per month for each pound.

LIFE INSURANCES may be effected for sums of 5l. to 100l. by persons between the ages of 14 and 65 years, and the lives of children between 8 and 14 years of age may be insured for 5l., and annuities from 1l. to 100l. may be purchased by persons not less than 5 years of age. Under the present system every person insuring his life or purchasing old age pay becomes a Savings Bank depositor, and therefore reaps all the benefits which the Post Office Savings Bank affords to its depositors. The premiums are thus payable through the medium of a Post Office Savings Bank Account, and so long as there is a sufficient sum standing to the credit of the depositor, such premium will be deducted therefrom at the Chief Office as it becomes due, without the necessity of troubling the depositor.

Some of the principal advantages of the Post Office system of life insurance and old age pay are these :—In the first place the premiums are lower than those charged by the Industrial Assurance Companies, owing to the circumstance that a large per-centage of the premiums paid to the Companies is absorbed by working expenses. In the next place, those who insure with the Post Office have *absolute Government security* for the payment of the money at the proper time. Another advantage is that the cost of a birth certificate may be avoided in most cases by the use of a form of statement specially provided for the purpose. Insurance, too, for sums not exceeding 25l. can be effected without medical examination, while the surrender value of a policy of insurance will be returned, or a paid-up policy granted in all cases where the insurers after having paid two annual premiums are unable to continue their payments. It is important, further, to notice that insurers over 16 years of age can nominate persons to whom their insurance money is to be paid after death, by which means the amount insured will be paid to the insurer's nominee immediately after the death of the insurer, and thus the loss of time, trouble, and expense involved in proving a will or taking out letters of administration is avoided.

The fullest information on any point connected with this subject can readily be obtained by School Managers and Teachers on making application to the Controller of the Post Office Savings Bank, General Post Office, London.
