

BEYOND OUR MEANS

Why America Spends While the World Saves



SHELDON GARON

Net Household Saving Rates (%)

	Japan	USA	UK	France	Germany	Italy	Sweden
1985	16.5	8.2	6.9	10.2	12.1	21.5	--
1990	13.9	6.5	5.6	9.2	13.7	21.7	3.4
1995	11.9	5.2	6.7	12.7	11.0	17.0	8.3
2000	8.8	3.0	0.1	11.0	9.4	8.0	3.1
2005	1.6	1.7	-1.5	11.1	10.7	10.2	4.0
2008	0.6	5.5	-1.8	11.7	11.7	8.5	8.9
2009	2.3	5.4	3.1	12.6	11.1	7.0	11.2
2010	2.3	5.5	2.7	12.1	11.3	5.1	8.5

Savings Banks: Britain, 1850s



Postal Saving Banks (Austria's Postsparkasse Bldg., Otto Wagner, 1904-12)



School Savings: Belgium (late 19th c) and Japan (1936)



13. SOYONS PRÉVOYANTS. VOORUITZICHT.



School Savings Bank: Melbourne, Australia (1930s)



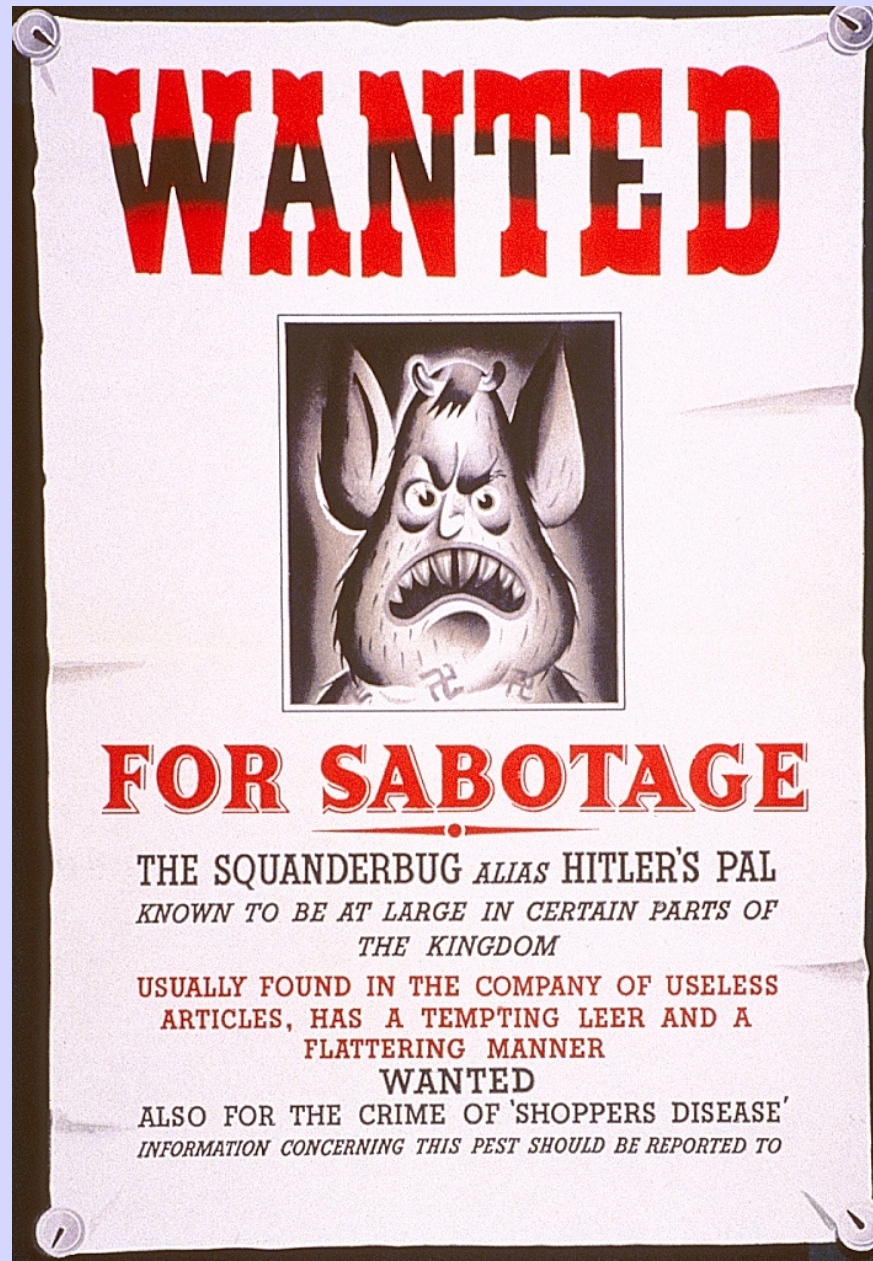
War Savings Campaigns in Britain and U.S., 1918



Gendering Saving: US (1918); Japan (1926)



World War II (Britain, 1943)



Postwar National Savings for Reconstruction and the New Welfare State: Britain, 1944-45



OUR PART FOR VICTORY

10

FOR FINAL VICTORY...

Japan has still to be dealt with — and we, with the United States and other Allies, are pledged to devote all our available strength to her defeat. Until complete victory is won, the Savings Movement must continue to play its part in providing the financial support which is essential...

UNTIL FINAL VICTORY... the Jap stands between us and the free world of tomorrow

THE JAPANESE WAR IS NOTED ON A MAP. SMALL, DARK, BUT DANGEROUS. BECAUSE IN THE EAST, PROHIBITED BY THE PACIFIC TREATY OF WAR.

BUILDING 	AGRICULTURE 	ROADS
EDUCATION 	HOUSING 	HEALTH
LEISURE 	WE'VE GREAT THINGS TO DO KEEP ON SAVING	

AND AFTER..

During the war, the Savings Campaign has played a vital part for victory.

After the war, the campaign will still be needed as part of a new national effort, which includes—

- A THE REPAIR OF WAR DAMAGE AND NEW BUILDING**
The repair of war damage within our own country, and making up the leeway of normal building.
- B RECONSTRUCTION OF INDUSTRY**
Production of capital goods to re-start and re-equip industry on a peace-time basis.
- C PRODUCTION OF GOODS FOR EXPORT**
To pay for the imports of food and raw materials which we need from other countries.

★ KEEP ON SAVING ★

Saving for Postwar Reconstruction: France and Italy



Japanese Campaigns Persist until 1990s: “I’ ll Keep Planning Our Finances,” via the Japanese Housewife, 1955



France, Persistence of Small-Saver “Livret A” Account (est. 1818), Savings Banks and Postal Savings



Sparkassen (German Savings Banks) Still Thrive. Sparkasse Bremen, est 1825



Germany, Current Financial Education Programs (KNAX Comic Magazine)



America: Uneven Access to Savings Institutions before World War II

- Mutual Savings Banks: well established in Northeast, Midwest, and on Pacific Coast
- But in 1910, less than **16%** of Americans had a savings account in any bank (including savings banks)
- Ranged from 53.5% in New England to
- Only **3.4%** in South
- 4.6% in West
- And **0.9%** in Texas

U.S. Postal Savings System, 1911-66

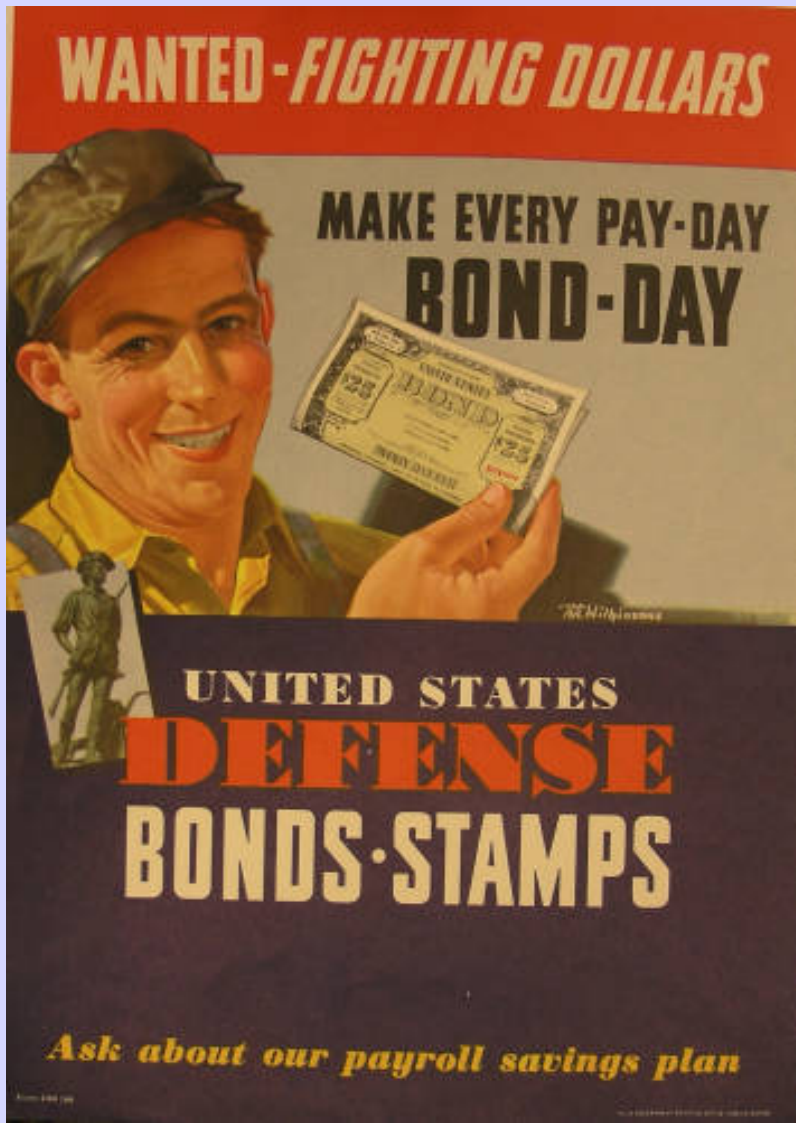


- Congressional, regional opposition to a Postal Savings Bank, 1873-1909
- 1910: weak Postal Savings system enacted
- 1966: abolished

School Savings Bank: Minneapolis, 1920s

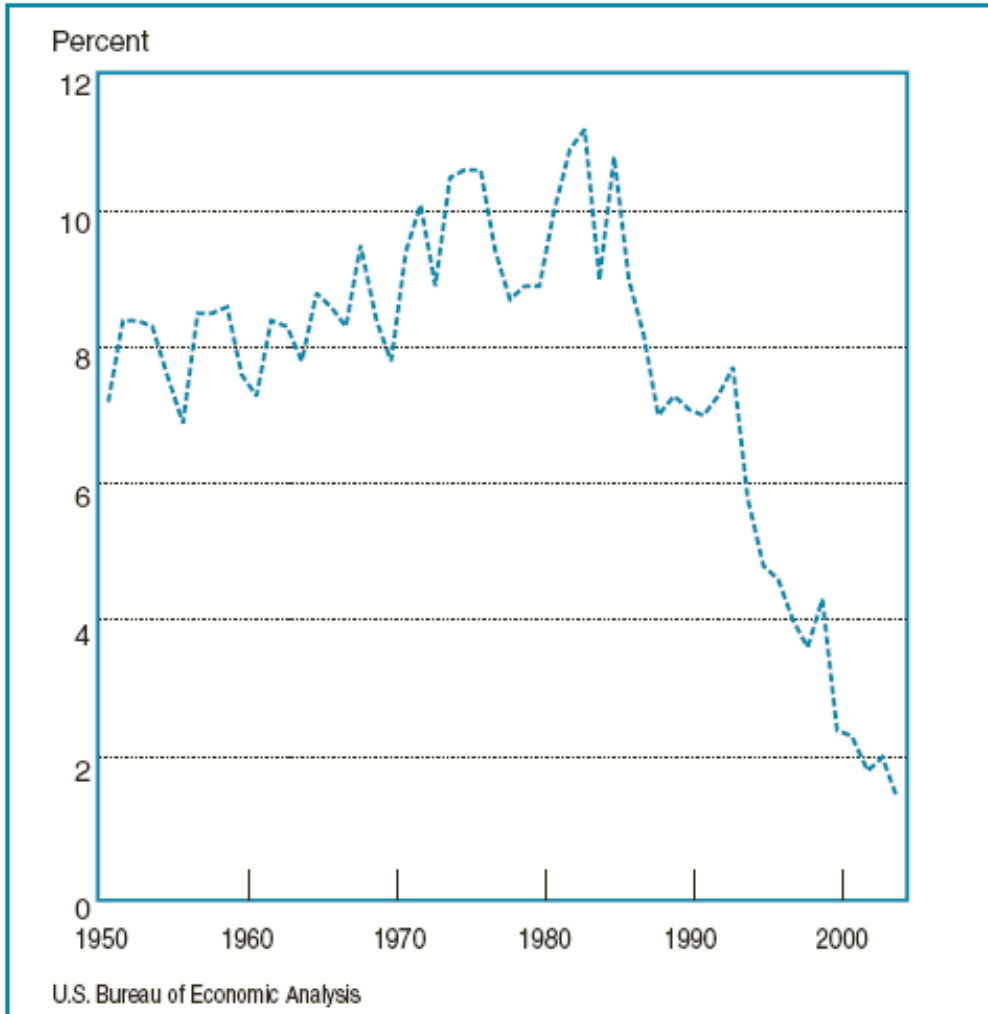


World War II: U.S. Savings Bonds Encourage Small Saving



Postwar US Saving Rates

Chart 1. Personal Saving
(As a percent of disposable personal income)

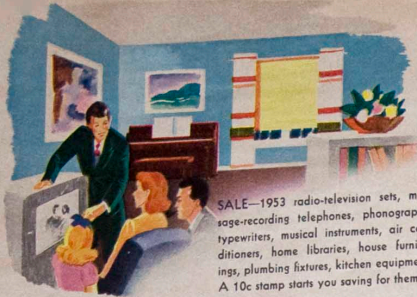


Saving for Postwar Consumption: Britain, 1943



Saving for Consumption, American-style: School Savings newsletter, 1943

THE WORLD OF 1953 . . .



SALE—1953 radio-television sets, message-recording telephones, phonographs, typewriters, musical instruments, air conditioners, home libraries, house furnishings, plumbing fixtures, kitchen equipment. A 10c stamp starts you saving for them.

Will it be a glittering new world of air travel and plastics and television and unrationed gasoline? Yes, of course—but we must make it something more. We must make it a world in which every human being of every race and nation has enough to eat and to wear, a snug place to live, a chance to get an education, and an opportunity to work. We must make it a world in which the good things of life are there for the buying—and which every human being has the money to buy his share.

Here's where War Bonds can help . . . The money you put into War Stamps and Bonds helps now to hasten Victory . . . and is also your down payment on the exciting new things of 1953. Do you want a college education? A 'plane to ride? A car? A home of your own? Babies? Hobbies? Sports? Travel? Now is the time to start planning them.

And don't forget, 100,000,000 other Americans will be doing the same thing! Filling their orders after the war will keep a lot of factories busy and make a lot of jobs. Buy War Stamps and Bonds to win the war AND build the peace.



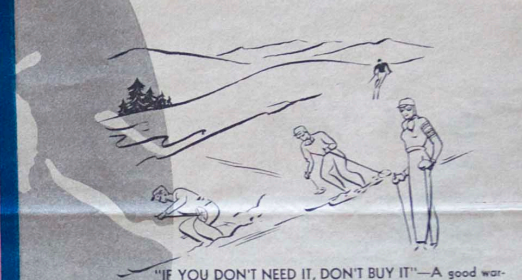
VACATION in Madagascar, Alaska, Hawaii, Venezuela. Week end in Mexico City, Newfoundland . . . This isn't a dream. If you could ride with the air freight, you could do it today. Your War Bonds will help make it possible tomorrow.



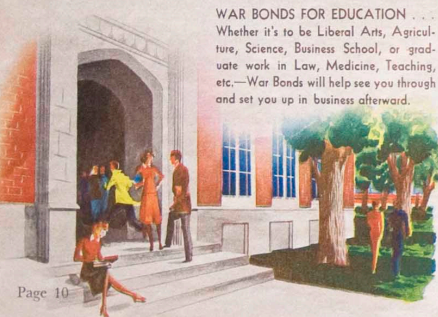
TRIPS WITH THE GANG . . . \$18.75 put into a bond now will probably buy a post-war bicycle—perhaps one made of magnesium or pressed wood—strong as steel and half as heavy—easier to pedal. Or start saving for an inexpensive midget auto, power bike, fold boat, sailboat, outboard, slider, clubhouse, diving raft, etc. Remember—stamps don't increase in value, bonds do. Fill up a stampbook and trade it for a bond as often as you can.



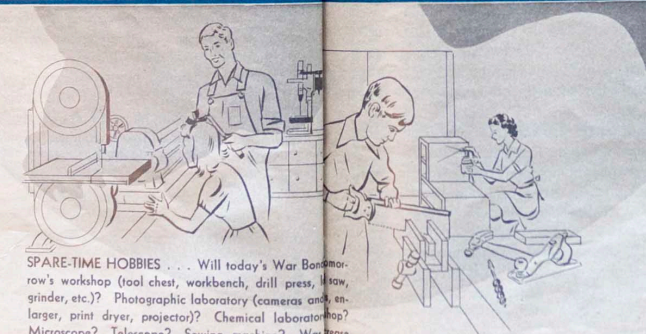
FOR SALE NOW—private air car of 1953. More than 80 miles per hour, engine—better than 15 miles to the gallon—safe even if the engine stops (glides slowly to earth). Or would you rather have a 1953 car—or refrigerator—or house? Easy payments. Startlay with War Stamps or Bonds.



"IF YOU DON'T NEED IT, DON'T BUY IT"—A good war-time motto, and especially true of sporting goods. But it's not too early to start staking out your claim to our post-war production. What will it be: Ski equipment? Shotgun? Field glasses? Horse? Camping equipment? Skates? Tennis racket? Golf clubs? Put business ahead of pleasure—put the money into War Stamps and Bonds and let it work for Victory today, for prosperity tomorrow.



WAR BONDS FOR EDUCATION . . . Whether it's to be Liberal Arts, Agriculture, Science, Business School, or graduate work in Law, Medicine, Teaching, etc.—War Bonds will help see you through and set you up in business afterward.



SPARE-TIME HOBBIES . . . Will today's War Bonds tomorrow's workshop (tool chest, workbench, drill press, saw, grinder, etc.)? Photographic laboratory (cameras and enlarger, print dryer, projector)? Chemical laboratory? Microscope? Telescope? Sewing machine? War pays one-third in value. Prices are expected to decrease war.



THE CLOTHES OF TOMORROW—Water-repellant, wrinkle-free, color-fast, moth-proof, inexpensive. "It's War Stamps and patches for the duration," as one Junior Miss puts it, "but just watch my plumage when it's over!"

Saving through Housing: Suburbanization: Levittown, NY 1948



Decline in American Saving: Recent Developments

- Decline of small savers' institutions: S&Ls, U.S. savings bonds
- Credit cards (revolving credit): deregulated in 1980; target subprime customers, 1990s
- Home equity loans: encouraged by 1986 tax reform
- Subprime mortgages, after 2000
- Growing income inequality; drop in real wages of working people after 2000

Recommendations for Reviving Saving in the U.S.

- Improve access to banking by lower-income households
- Revive postal savings for small savers?
- Promote youth accounts and school savings programs
- Change tax laws to incentivize lower-income households to save for retirement and daily needs
- Remove incentives that encourage excessive investment in housing and home equity loans
- Promote “financial inclusion” as a national priority and a civil right