What happened to savings for the future?

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This year has seen a series of reports about likely pensions shortfalls and the urgent need to increase savings.

As recently highlighted by Katie Evans and Emran Mian in Savings in the Balance 2014, apart from a brief recovery in the mid 2000's the UK savings as a percentage of household income have fallen between 1997 and 2014. In a survey which reveals savings as a percentage of GDP, the UK came next to the bottom with 10 per cent of GDP going into savings - only Greece doing worse.

This is treated by commentators as a 21st century crisis. But these worries are nothing new and it seems the anxieties about tightening the purse strings have been prevalent since the 19th century.

Political restlessness

In the early 1800's anxiety about political restlessness among the lower classes underlay the foundation of savings banks in towns, cities and villages all over the UK.

They were created and run by elites - the local squire, clergyman or industrialist presiding over a board of trustees. It was argued by contemporary politicians that the local banks would be good for the savers, turning then away from feckless habits. That in turn would cut down the local rates bill which went to provide poor relief. And savings would 'bind the humbler to the more influential and wealthy classes' making them grateful for the financial advice and assurance their betters were offering them.

Savings were all invested in Government bonds, giving the lower classes 'a greater interest in the stability of the government.'

The savings banks spread rapidly. By the 1860s there were almost 650 of them, with 1.5 million savers. The smaller and rural banks were superseded by the chain of Post Office Savings Banks, but the urban banks survived and grew into what have become the Trustee Savings Banks.

It was important to the banks to demonstrate their success in drawing in working-class savers. As part of their annual reports, many of them published detailed breakdowns of their savers by occupation. And they kept detailed records of savers-as well as account data, they recorded a set of personal details for every depositor.

These bank records are a rich source of data that has not previously been explored in much detail.

Collaborative researchers from the universities of Sheffield, York and the Open University are now analysing these records to gain an understanding of savers and savings in the 19th century.

Women were better savers than men

Looking at the records of 4500 people in four banks - Limehouse, East London, Bury in Lancashire and Newcastle and North Shields (Northumberland) gives new insights into the way people managed their finances. Research so far shows a variety of savers. The banks' promoters aimed them at the working man, but:

- Women were a significant proportion of savers, including

married women even before 1870 when they were granted property rights. The evidence from account records shows them apparently managing their own money with no intrusion by husbands. And it raises questions about current estimates of women's employment; do the bank records indicate that they were saving wages in a period when married women's employment levels are believed to below?
- Children were important as savers, with teenagers apparently saving from their earnings
- There were a variety of joint accounts, sometimes for married couples, but also for groups of people, maybe workmates
- Accounts were transferred between family members, for instance from an elderly person to a child or grandchild.

And although the mission of the banks was to promote thrifty saving for old age, work so far shows that long-term saving was only for the minority. 19th century savers mainly used the banks to provide current accounts, saving for the short term to meet regular expenses like rent, or to tide them over wage cuts and unemployment.

Patterns of saving and account management vary, apparently in response to local economic factors. Limehouse savers included sailors who gave wives access to their accounts whilst they were away at sea: among Bury savers were the women working in the growing Lancashire textile industry. In the 1860s, the loss of cotton supplies caused by the American Civil War meant that textile workers were unemployed and ran down their account balances.

Provided by University of Sheffield