THE MORALITY OF SAVING

"PROTECTION of savings!" seems to be the guiding slogan of new financial regulations lately introduced in Belgium; according to the new C.S.G. Year-book. In the United States, also, the New Deal legislation in regard of banking and Stock Exchange professes to aim at "protecting the investor," which sounds much the same thing. This is well enough as far as it goes, but a truly Catholic sociology must needs point out that there are other objectives, even more urgent, to which Governments should direct their monetary policy. If we need protection of savings, we also need protection *from* savings. It is right that people who save money should be protected from their own over-eager avarice and from the financial sharks who take advantage of it; and it is equally necessary that the community in general should be protected from accumulations of money, large or small, which are used in ways injurious to the common good.

Nineteenth century philosophy took for granted that thrift and saving was always a good and meritorious habit. Nowadays we are not so sure. We can see that this business of saving is at the bottom of the whole money muddle. If there had been no savings there would have been no banks to look after them, no lending of them at interest, no invention of credit-creation, no national debts. The old Christian and Catholic teaching, of course, condemned saving (in effect) as sinful. Everybody was supposed to give away his surplus income to those who hadn't enough; money saved was money that ought to have been spent on the poor. If the mediæval theologians allowed you to put your savings into some productive enterprise, it was because such an enterprise would increase the general resources of the community and benefit the poor as well—it was regarded as an act of charity, like road-making and other "public works." Even in those days, no doubt, reasonable saving "for a rainy day" or for some possible emergency, or some capital development, was recognized as good and lawful. Collective saving for such purposes as practised by the mediæval guild or the modern "credit-union" has always been a Catholic custom blessed by the Church.

We have to distinguish, therefore, between good saving and bad saving. Saving which fosters and develops new life is good, saving which hinders and restricts life is bad. If a man is determined to keep his savings intact and live on them without risking them, he will find there is only one way to do it—namely, to put himself in the position of being able if necessary to ruin somebody else, to sell them up, to starve them. The operation may be so disguized or made so remote by go-betweens that he will not realize its nature, but that is what it comes to in cold fact.

The facts and figures about saving in England to-day are rather staggering. About £400 millions of *savings* are invested every year (says Mr. Colin Clarke). Much of it is invested by the insurance companies, into whose coffers the public pours £230 millions annually in premiums. When we come to grand totals, the figures are almost incredible. There are 120,000 limited liability companies, for instance, with more than £5,000 millions of registered capital and two million individual shareholders. But let us leave all that aside and keep to savings in the form of ready money, so to speak. To start with, there are the deposits in the joint-stock banks now higher than ever, say £2,300 million; whether these could on a realistic bird's-eye view be regarded as part of the nation's savings might be disputed, but certainly the individual depositors think of their credit balances in that way. There is another £2,500 million of small savings in the Post Office and other Government-controlled saving agencies. Another £2,000 million or more in similar agencies (Building and Co-operative societies) which are non-Government-controlled; the Birmingham Municipal Bank alone takes care of £20 million of small deposits.

Altogether, then, there must be roughly about £7,000 millions of savings in what may be called liquid money. What is it, and where did it come from? Everybody (especially its owners) regards it as real money, and yet every schoolboy knows by this time that it does not consist and never could have consisted of legal-tender money, since all the notes and coins in existence never amount to more than £400 million or so. Notes and coins are only the small change that we use for small transactions; our real money, or rather the money we really use, is bank-credit. And here is £7,000 million of it heaped up in the form of "savings"! We know where the deposits in the joint-stock banks come from—they begin as loans granted by the banking-system itself. But that would only account for £2,000 and here is £7,000! Where has it all come from?

I do not pretend to give a scientific answer to that. But the figure itself—£7,000 million—is a familiar one, for it is roughly the figure of the National Debt. (Not counting the debt to America!) The kind bankers have been creating the £7,000 millions out of nothing and lending it to the Government; the Government has been paying it all out to tinker and tailor and soldier and sailor, and the lucky ones have managed to stick to some of it as it passed through their hands. I recall that the Birmingham Municipal Bank, which might stand as a symbol of the nation's savings, was started during the war, to make it easy for the munition workers to save the high wages which—though they did not realize it at the time—were their share of the War Loan racket. It seems, then, that the vast sum of the nation's savings and the vast sum of the nation's Debt are merely front and back view of the same thing. We all help to pay the Debt and the interest on it, but the burden of the Debt falls heaviest on those who have got nothing out of it. Protect savings by all means, but protect still more the men who have to work for their living, the men who have no chance to save, because they are fighting for their country in war-time, or bringing sons and daughters into the world in peace-time. If we want something to protect that is worth while, why not protect the Family?

Some conclusions, then, about saving. I venture to conclude, without being dogmatic, that saving is good if it is saving for a "rainy day," or to use as spending-capital for objects which are in accordance with the common good. Otherwise it is socially bad, both the ugly peasant-avarice that keeps cash out of circulation by hoarding it literally in a stocking, and the kind that invests money regardless of public welfare and for purely private purposes, such as in order to live in security without working; though this last is the only way in which many old or helpless persons can live at present. Saving is also, of course, the worst enemy of genuine small-ownership, for it is the over-thrifty man who becomes a money-lender or buys up all his neighbours' fields.

As for remedies, the wrong kind of saving seems to be a reflection of public Debt, and would disappear if the nation issued its own money instead of foolishly borrowing it. Control of investment might even so be necessary, but the surest remedy would be consumer-credit. A national dividend issued to all would modify that exaggerated craving for security which is the source of avarice and which otherwise may become a greater temptation as incomes and jobs become more and more fortuitous and intermittent.

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