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A Socio-economic Review of Saving in
Industrial Teesside and Rural North Riding.

Andrew Holden Corcoran.

Personal Saving is a flexible source of investment, for both the public and private sectors, for which there is great competition. Saving is a natural phenomenon, but, in the sense that securities are bought and sold, it is one which is responsive to stimulation.

Almost all securities have unique qualities, thereby limiting their appeal, and, moreover, in motivating saving, account has to be taken of political and economic pressures. Consequently, the market is subjected to excessive variables and these are best tracked through current articles in financial journals.

This socio-economic study brings together (i) general information about money and Thrift institutions; (ii) collected statistics over a period; and (iii) several important market research projects. It concentrates the information drawn from a wide area by means of local inquiries, and endeavours to find points of agreement and difference between the populations which are mainly industrial and those which are largely rural.

There must be the ability to save, but the willingness to do so is only partially decided by the level of rewards. There are moral, ethical, and sentimental overtones, historically founded, and these appear to be more steadfast in some environments than in others.

Saving activity has some barren ground, and the potential savers have numbers of profligates within their ranks. Sex, age, and social class give no strong lead as to where the non-savers may be found. The National Savings Movement has a two-fold official policy, (i) to attract the flow of personal saving into the public sector, and, (ii) to assist in educating the public in sound Money Management. Other Thrift institutions share these aims in varying degrees, and they, too, mobilise goodwill and sentiments to attain their objects; devoting, of course, their funds to the private sector.

SOCIO-ECONOMIC REVIEW OF SAVING
IN INDUSTRIAL TEESSIDE AND RURAL
NORTH RIDING

ANDREW HOLDEN CORCORAN

A THESIS PRESENTED FOR THE DEGREE OF MASTER OF LETTERS
OF THE UNIVERSITY OF DURHAM.

1969

ACKNOWLEDGEMENTS:

Saving is a socio-economic activity which is constantly changing in response to social, political, economic and psychological pressures, and its ebbs and flows are best followed through current reports and articles. I gratefully acknowledge the vigilance of my colleagues in the National Savings Movement and numerous friends, in seeking out relevant material on my behalf. Further more, I accord my thanks to the following for the provision of specialised material embodied in the dissertation.

A.H.C.

- | | | |
|-----|--|--|
| (1) | N.O.P. | National Savings Media Research, complete with
(a) Analysed Results and
(b) Method. |
| (2) | N.S.C. | Complete report, with methods used, weighting and sampling in "Attitudes to National Savings", market research. |
| (3) | Department of Employment and Productivity. | Statistical returns for areas mainly co-inciding with NRN and NRW districts. |
| (4) | T.S.B. Association. | Vol.I and special section on North of England "Users and Non-Users of the T.S.B.", 1967 survey with method and analysis. |
| (5) | David A. Folayan, Esq.,
M.A.. | Analysis of the NRN and NRW Enquiry. |

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Contractions and abbreviations:

M.B.S.E.I..	Monthly Bulletin of Statistics and Economic Information.
P.I.B..	Prices and Incomes Board.
NRN and NRW	North Riding North and North Riding West.
N.O.P..	National Opinion Poll (Ltd.).
N.S.C..	National Savings Committee.
T.S.B.	Trustee Savings Bank.
D.E.A.	Department of Economic Affairs.

INTRODUCTION.

A Socio-economic Review of Saving in

Industrial Teesside and Rural North Riding.

Definition of the area, and sub-division into two districts; the main period 1956-1966, with subsequent developments; social change, trends towards early marriages, the payment of wages by cheque, the Working Men's Clubs.

A Socio-economic Review of Saving in
Industrial Teesside and Rural North Riding.

The Area. The area under observation is a combination of two 'Districts' which, until the inauguration of the new County Borough of Greater Teesside on 1st. April, 1968, were defined by the National Savings Committee for the purpose of administration and organisation as part of the Committee's Yorkshire Region. In a general way, one District could be described as South Teesside and Cleveland; and the other as Northallerton, Richmond, and the Yorkshire Dales, (the latter District being bounded by Westmorland on the Western side). Fortunately, a clear-cut definition of the area, duly divided as stated above, can be found by adopting the names of the Districts given by the National Savings Committee being, respectively, North Riding North, and North Riding West. For the purpose of this dissertation, these names will be used, and generally contracted to NRN and NRW. Apart from the convenience of the names themselves, considerable value is derived from the fact that the National Savings Committee publishes, and makes widely known, statistical returns for each of its Districts. These statistical returns are ready-made measuring rods, and form a favourable basis for a comparative study.

Unfortunately, other thrift organisations do not appear to present to the public comparable information duly broken down. Had they done so, direct comparisons could have produced a very clear picture. As it is, the results have to be drawn by more general and roundabout means. Another favourable feature exists: the two Districts are quite nicely self-contained, and leave one in no doubt that the one is mainly

industrial and the other largely rural.

Common with other National Savings Districts, with the exception of those centred upon very large towns or cities, the two Districts under review are administered through several Local Savings Committees. (1) They are listed below in the order normally used in publications.

North Riding North.

- (i) Eston U.D..
- (ii) Guisborough U.D..
- (iii) Loftus and District.
- (iv) Middlesbrough.
- (v) Redcar.
- (vi) Saltburn and Marske-by-the-Sea U.D..
- (vii) Skelton and Brotton.
- (viii) Stokesley. R.D..
- (ix) Thornaby -on-Tees.

North Riding West.

- (i) Aysgarth R.D..
- (ii) Bedale R.D..
- (iii) Lower Wensleydale and Coverdale.
- (iv) Masham.
- (v) Northallerton.
- (vi) Richmond and District.
- (vii) Thirsk, Sowerby and District.

It is of significance that Eston, part of Guisborough, Middlesbrough, Redcar, part of Stokesley, and Thornaby-on-Tees, all of which are intensely conscious of being Yorkshire towns, were joined by the two Durham towns of Stockton-on-Tees and Billingham by the creation of the new County Borough of Greater Teesside on 1st. April, 1968. As societies and associations tended to be grouped together either North or South of the river Tees, the new boundaries have made much readjustment necessary in the sociological sense. Fortunately, the main period chosen for this study was prior to the inauguration of the new Borough.

The aims and objects of this dissertation.

The objects are twofold: (i) to comment upon socio-economic conditions prevailing in the respective districts throughout the 1956 to 1966 decade, using relevant savings statistics which are available. Subsequent events will also be considered. (ii) to note dynamic social forces exerting themselves within the environment over the years.

It is anticipated that the former will yield certain correlations, although these may be of a fairly general character. Nevertheless, a strong feeling of what the districts are really like is expected. The latter, supported by minor field studies, will help to identify the many variables which are ever present in a socio-economic study of this kind. For example, (a) the impact upon the change of habits and attitudes towards personal saving through the payment of wages by cheque instead of through the traditional cash wage packet; (b) the trends towards early marriage and the attitudes of young persons consequently facing very large financial commitments; (c) displays of new forms of opulence such as may be found in the Working Men's Club movement. The clubs appear to have replaced the almost extinct Music Hall in addition to their claiming a high percentage of the liquor trade.

It is intended that the dissertation should yield useful general conclusions. In order to do so, both macro and micro techniques are employed, because of the elusive character of the sources of information. The subject of personal saving claims fair attention in financial articles and journals. This is not surprising since, excluding all other thrift organisations, National Savings alone, by 1968, exceeded a net sum in total of eight and a half thousand million pounds. This astronomical total is derived from a vast number of comparatively small savings in the 'Five Securities' : namely, Savings Certificates, Defence Bonds/British Bonds, Premium Savings Bonds, deposits in the Post Office and Trustee Savings Banks. The level of this net sum is regulated by virtue of an enormous flow of new savings being, generally, slightly

less than offset by the outward tide of encashments. Up to the present, the principle of pound for pound dealing has been maintained, and no Security has been linked with the Cost of Living Index system. (2)

The promotion of Saving is a sales-technique: to a great degree it is a commonsense idea and to many people an ideal. What can be done, therefore, to know more about the potential market? In any case, there seems to have been a change of emphasis in recent years from the abstract notion of Thrift to that of Money Management. (3) This will be dealt with later.

The Period under Review.

The main period is the decade 1956 to 1966, and published statistical returns are usefully reviewed. In addition, comments are made on subsequent developments. Relevant points raised by contemporary economists are noted, and the sources of information duly recorded. For the general background the Monthly Bulletin of Statistics and Economic Information, published by the National Savings Committee, is drawn upon. For more local information, statistics which have been published or are available for publication are used, and these are supplemented by a questionnaire circulated in significant numbers in the two districts concerned. In spite of the dynamic character of the subject matter, it is hoped that certain socio-economic attitudes will be observed as a result of presenting the material in this way. For example, does a special pattern emerge during periods of very full employment? Is there some kind of welfare of Thrift in the sense that personal saving is used to cushion impending bad times? Is the initiative to save greater or less in good times when there is more money to save? Does one find a different

answer to these questions in the rural area as distinct from the industrial one ?

Notes .

- (1) The several committees are co-ordinated as Districts through District meetings of representatives of the Local Savings Committees. Likewise the Districts into Regions (there being twelve in all in England and Wales), and in turn the Region by the National Savings Committee.
- (2) Considerable pressure has been brought to bear upon the National Savings Movement to take steps to devise a security linked with the cost of living indices, or alternatively a State Unit Trust. None has materialized. During 1968, however, a Trustee Savings Banks Unit Trust has been made available.
- (3) In the promotion of Saving, the idea of planned spending has much more appeal than the idea of saving for a rainy day. In any case, the former approach is much more profitable in a prolonged inflationary situation.

CHAPTER ONE.Data Graphically Presented.

National Savings progress 1956 - 1968; Gross Savings in NRN and NRW, expressed as rates in 1/- units; percentages of persons saving at work in NRN and NRW; disposable income graphs; rates of saving at work; National Savings Certificates and Building Society progress compared with Bank Rate.

Data Graphically Presented.

In National Savings, the only net figures available are those published on a national basis without a breakdown of the statistics locally: it would be abnormally expensive to collect net figures locally and, in any case, having done so, much information would have a very limited use. It is possible, however, to build up a general picture of what is happening locally if one assumes that general trends prevail, particularly in the large areas.

Figures 1 and 2, indicate the national figures over the period under review for the "Five Securities", (i.e. sales of National Savings Certificates, Defence Bonds/National Development Bonds - now British Bonds - Premium Savings Bonds, and deposits in the Trustee Savings Banks, and the Post Office Savings Bank). It will be seen from the graph showing the net results that it diverges from the sales graph, particularly after September, 1964, and official comments on this situation indicate that this arises because of switching from older issues of Documentary securities (in particular Savings Certificates) to new ones. Consequently, figures 1 and 2 can profitably be considered alongside figure 13, which shows at which stage the Tenth Issue was withdrawn from sale, the comparatively short period of sales of the Eleventh Issue, and the introduction of the Twelfth Issue. The Eleventh Issue period terminated with a period of anticipation of better terms in the Twelfth Issue, and it also commenced with a complete withdrawal of sales of the Tenth Issue for a short period because of the less favourable terms being offered by the former.

Figures 3 and 4 indicate the Gross Savings of the Five Securities in the two districts, and the dotted lines in the graphs are the mean for both districts. It will be noted that with only moderate variations a strong conformity exists with the mean graph and the national Gross indicated in figure 1. For convenience of presentation the graphs in figures 3 and 4 are expressed as Gross Savings of shillings per head per week, which allows for a certain refinement as there is a moderate change in population numbers over the period. As these are rates of saving in any case, the shapes of the graphs are otherwise comparable. The figures used for the data in graphs 3 and 4 are derived locally from "returns" from sales-points. Whilst there is a fair degree of accuracy in the data, it would be folly to attach too much importance to slight variations or to measure angles of direction very critically. Allowances must be made for the human element in compiling returns.

Figure 13 may best be considered at this stage: this gives the progress of the 10th., 11th., and 12th. Issues of Savings Certificates against the economic changes imposed by (i) the Bank Rate; (ii) changes of Rates of Interest; and, (iii) the changes of rates of interest of a near competitor, namely, the Building Societies. At once, one sees almost an inverse relationship between sales and the Bank Rate. Whilst that is so, it is not so much the Bank Rate levels which determine the changes but the economic pressures of restricting credit. For example, the 1956 period opens up with credit squeeze policies + the holiday season

↻ anticipation of the 10th Issue Savings Certificate (potentially with improved rates of interest). Consequently, there would be a tendency to switch from the less profitable 8th and 9th Issues. November, 1st., 1956 saw the introduction of the Premium Savings Bond which, although aimed at tapping fresh sources of saving, must have had a marginal effect on the sales of Savings Certificates. Bank Rate changes, when favourable, i.e. when lower, have a time-lag before being reflected in sales of the securities. More credit restrictions were imposed in the latter part of 1957. In April, 1958, the "Economic Survey, 1957", then published, suggested that whilst personal savings were generally higher, National Savings were not sharing proportionately there-in. The 1959 period was favourable for sales with a lowering of Bank Rate and a relaxing of credit restrictions, but both were reversed by 1960. It was officially stated that In November, 1960, the lowering of the Bank Rate was associated with international policies towards cheaper money and was not accompanied by relaxing of credit restrictions. In November, 1962, £42 million of Post War Credits were released, and somewhere had to be picked up by the economy. There was no way of knowing what proportion of this sum would be re-invested in National Savings. With this kind of official commentary prevailing throughout the whole period under review no completely clear picture emerges at any one time. Figure 13 goes as far as one can possibly go towards presenting the economic scene collectively.

We then turn to figures 11 and 12, and here we see two things

of considerable interest. Because of the large numbers involved in the NRN as compared with NRW, the graph expressing the mean for the combined districts and the NRN graph almost co-incide. These are expressed as a rate of saving in terms of 1/- per head per week.

The graph based on the mean for the combined districts gives the following information (i) over all general rise, but (ii) subject to seasonal variations. The seasonal pattern is for less saving to be recorded during or associated with the holiday periods.

Another surprising thing is that the rural effort although smaller in scale, is considerably better in the rate of saving throughout. This argues favourably for promoting that kind of activity in rural surroundings. Turning to figures 5 and 6, and seeing them alongside 11 and 12 one sees that the industrial area has a decreasing number of savers over the period but they were tending to save more per head as time went on. This position is accentuated by there being a high proportion actively employed as one would have expected to find more persons saving at work which was not the case. Figures 9 and 10 (refer also to the Chapter on Disposable Income) show estimates of disposable income though the data suffers from the lack of standardisation in the methods of making the estimates. In the position of decreasing numbers saving more, considered as market research, a case would be established for stimulating activity in that sector. It is a matter of conjecture whether or not improving rates of interest would have a

substantial effect, this seems to have only a partial effect as seen in the NRN and NRW Enquiry described separately. What seems to emerge in the Savings at Work graphs is that there is no strong association between anticipated redundancy and improved savings effort. The idea of creating a buffer of savings at such times is something which one senses to exist when working in the savings field. It probably occurs marginally, and as such is a strong welfare aspect, but the effort is dissipated by the multiplicity of variables before being reflected in the graphs.

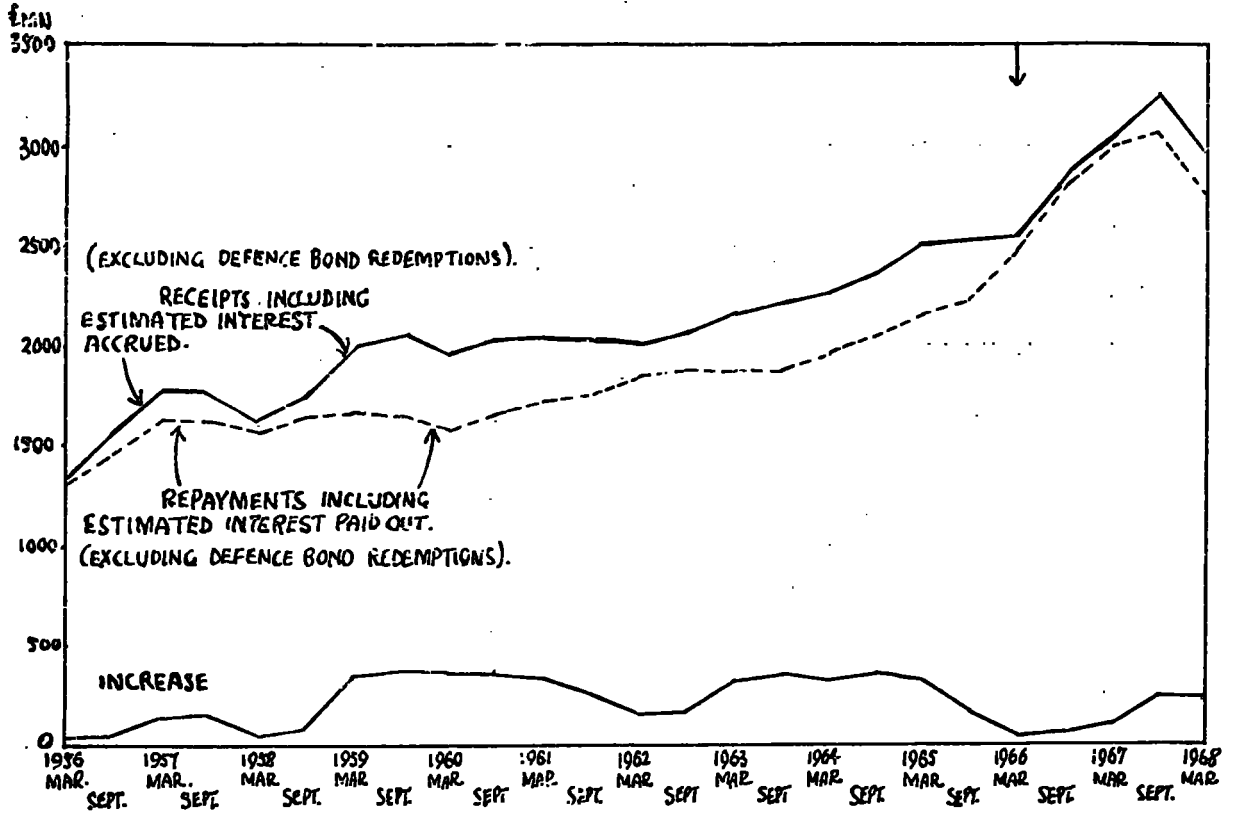


FIGURE ONE.

NATIONAL SAVINGS

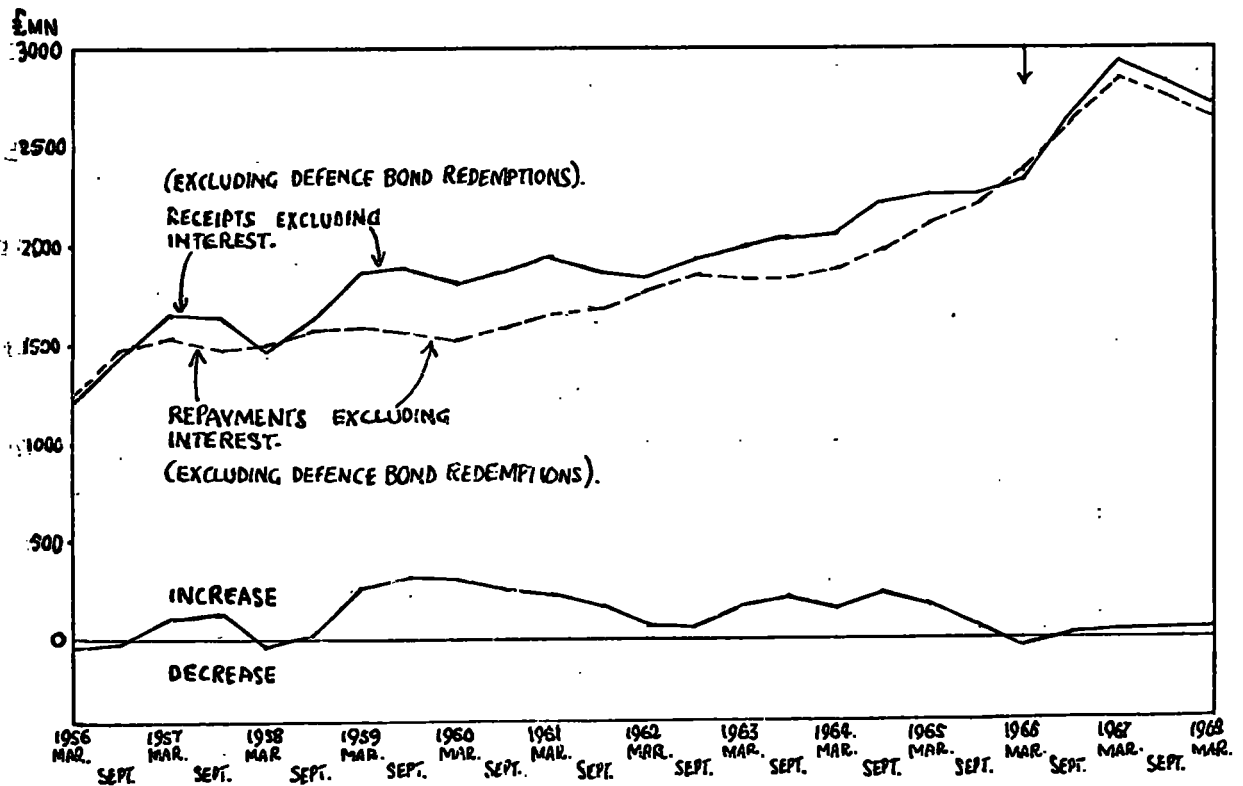


FIGURE TWO.

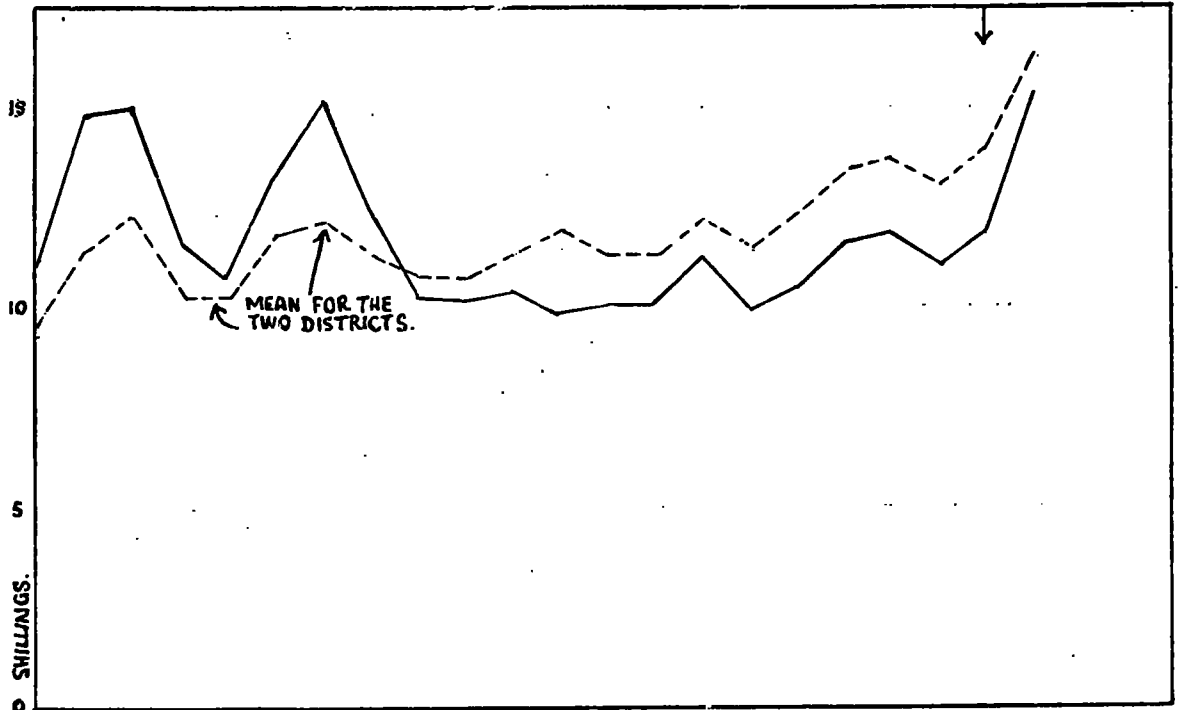
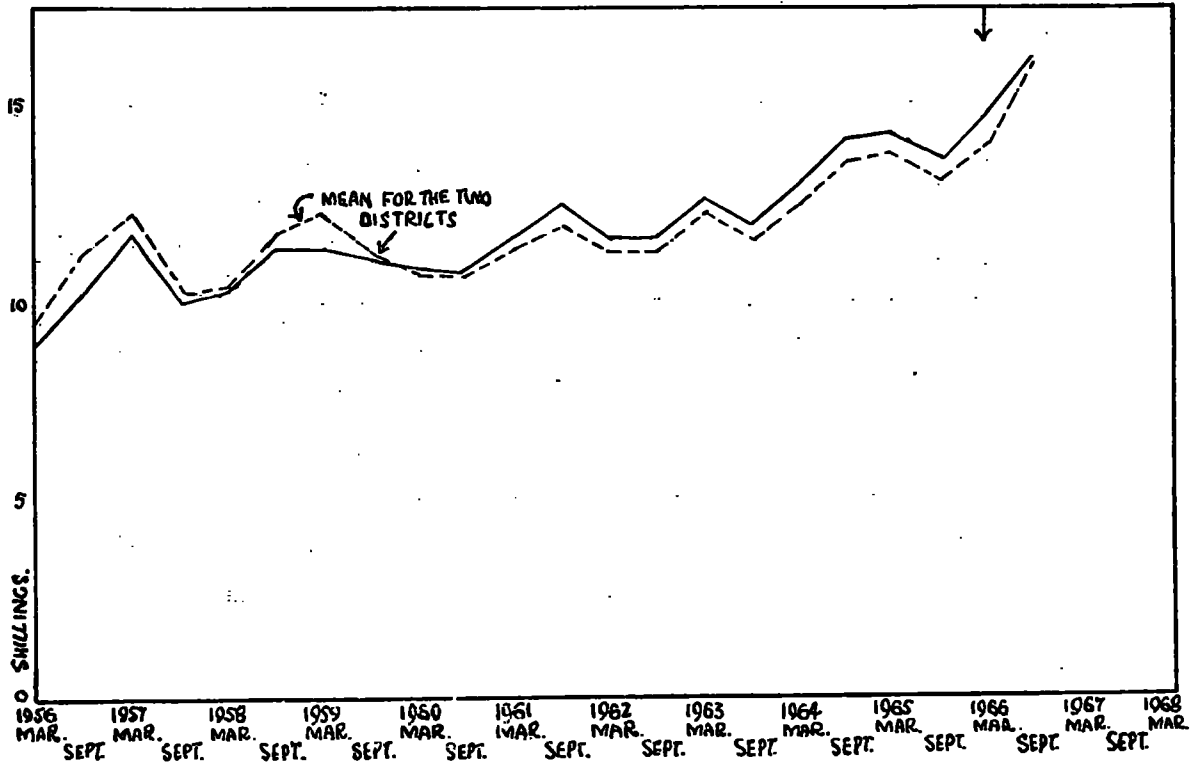


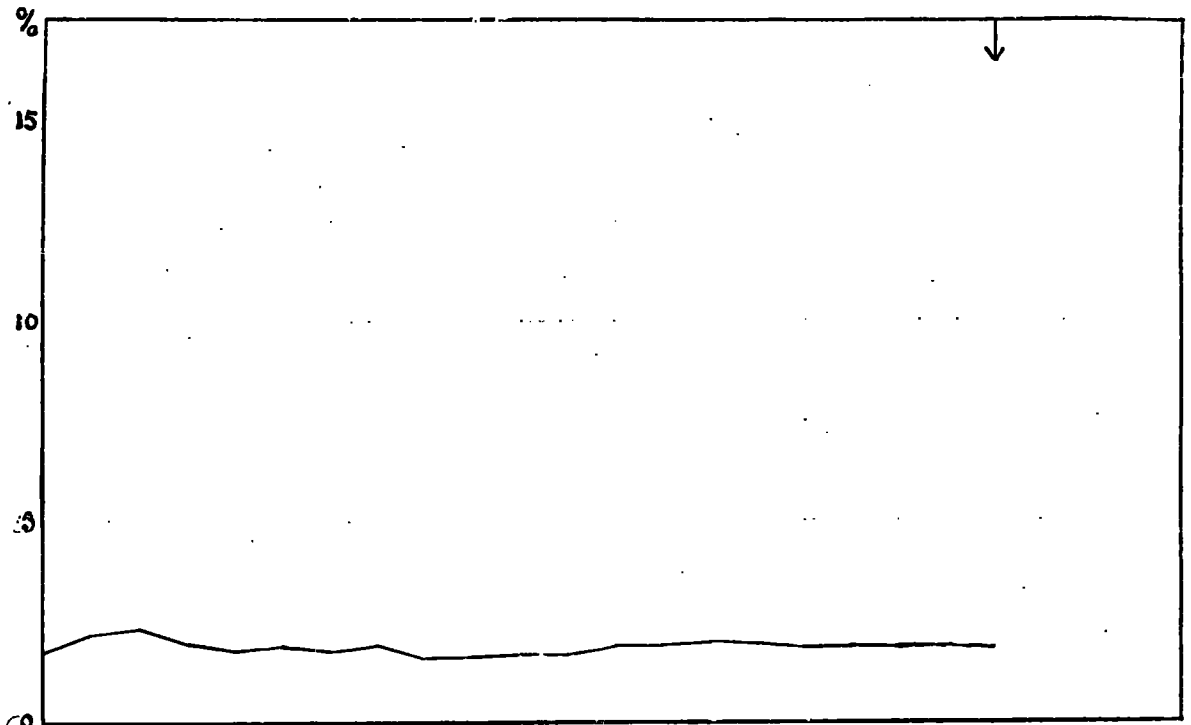
FIGURE THREE. NORTH RIDING WEST.



NORTH RIDING NORTH.

GROSS SAVINGS EXPRESSED AS 1/- PER. HEAD PER. WEEK IN THE RESPECTIVE DISTRICTS.

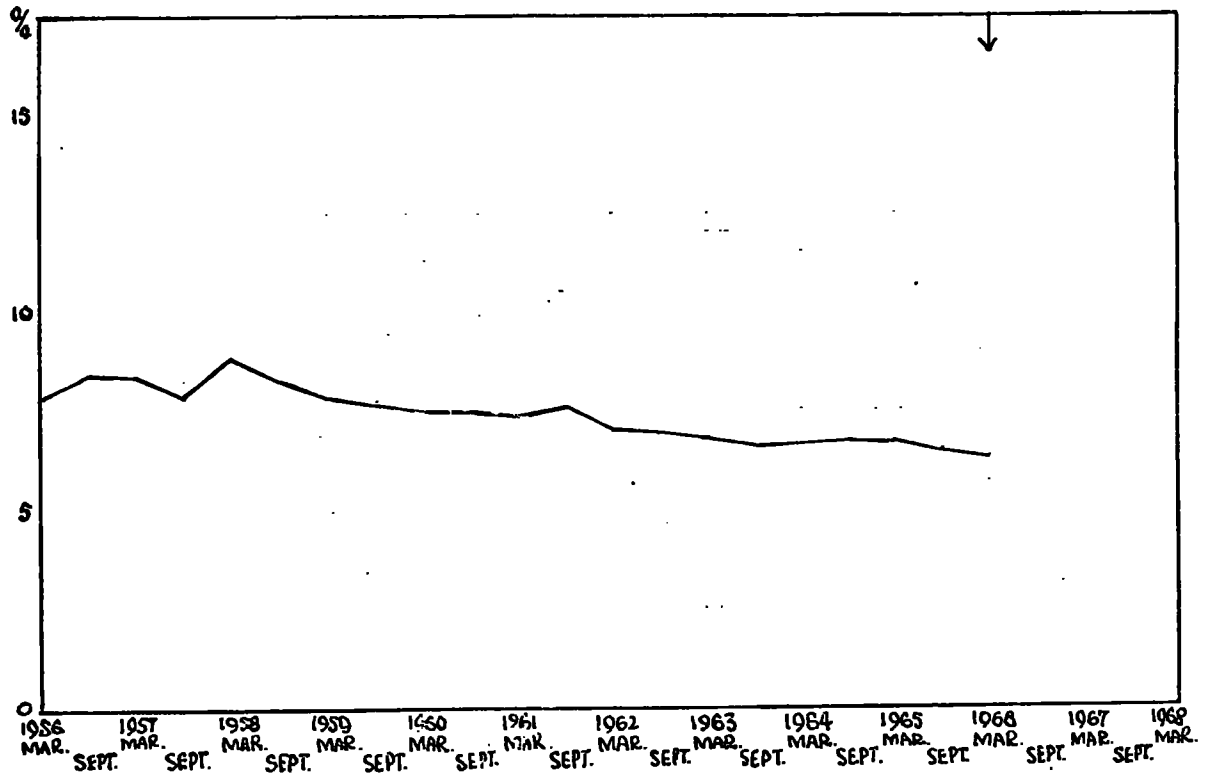
FIGURE FOUR.



NORTH RIDING WEST.

PERCENTAGE OF PERSONS (I.E. OF THE RESPECTIVE POPULATIONS) SAVING AT WORK THROUGH ORGANISED NATIONAL SAVINGS GROUPS.

FIGURE FIVE.



NORTH RIDING NORTH.

FIGURE SIX.

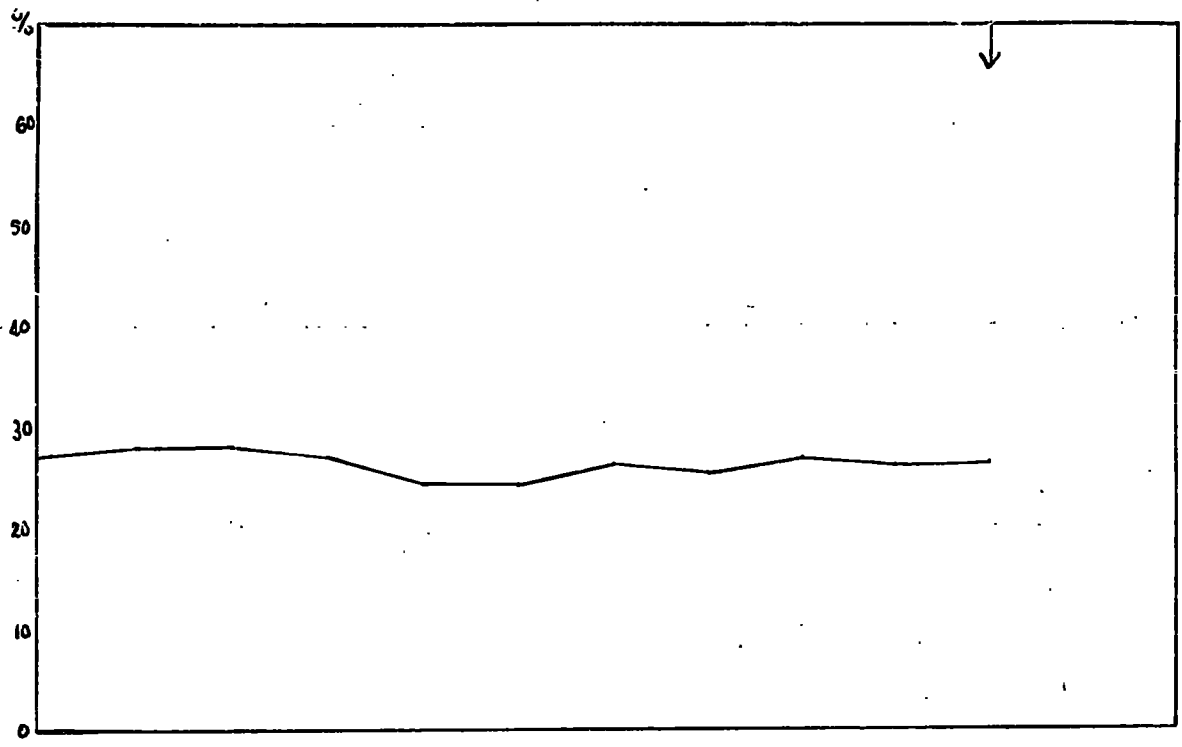
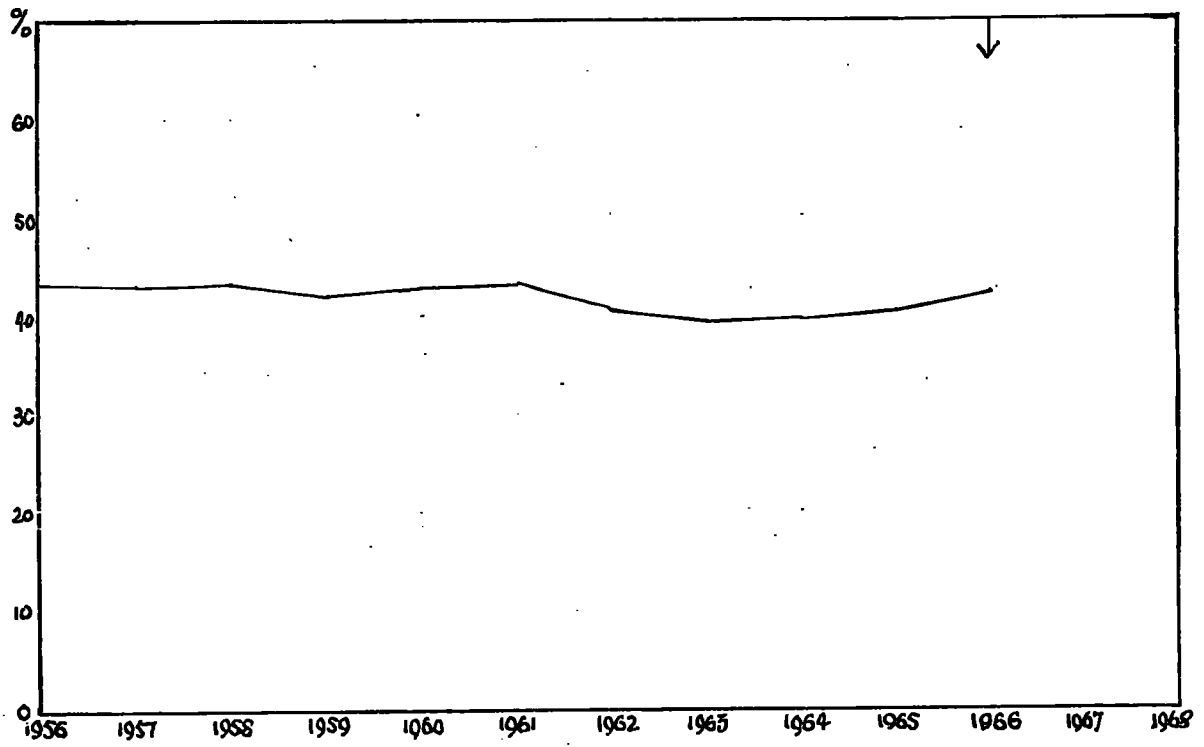


FIGURE SEVEN.

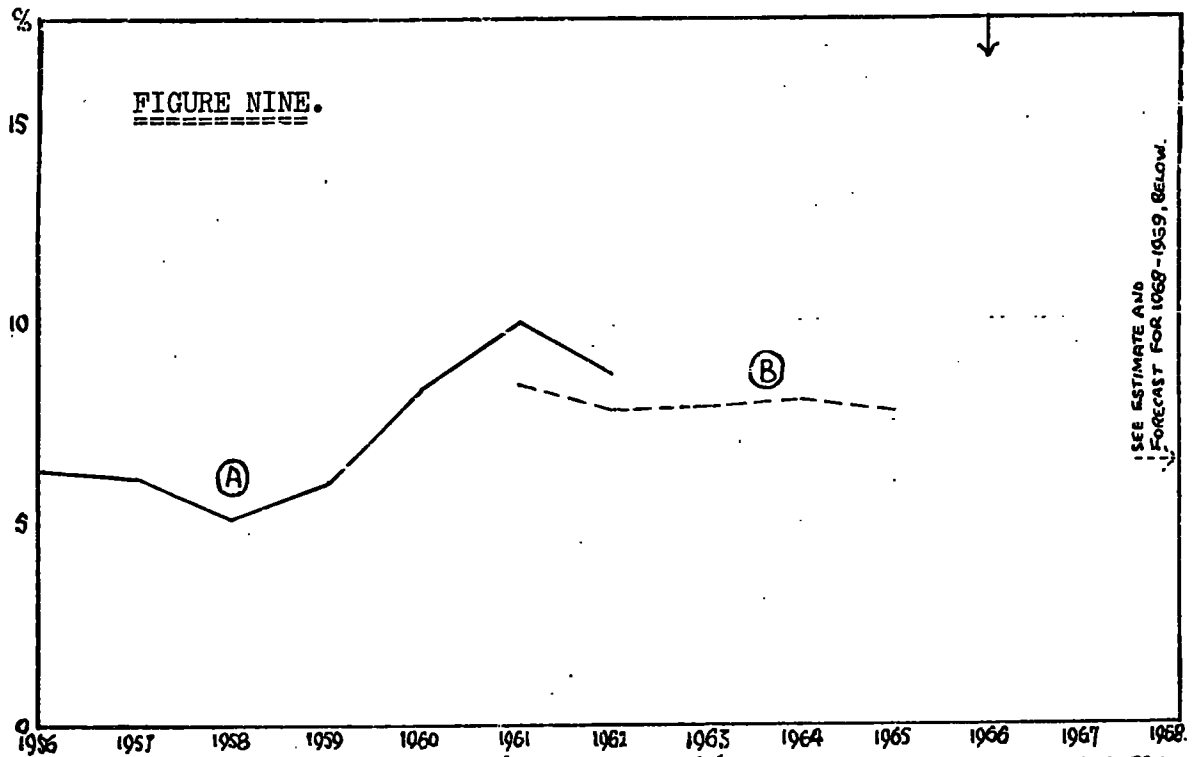
NORTH RIDING WEST.



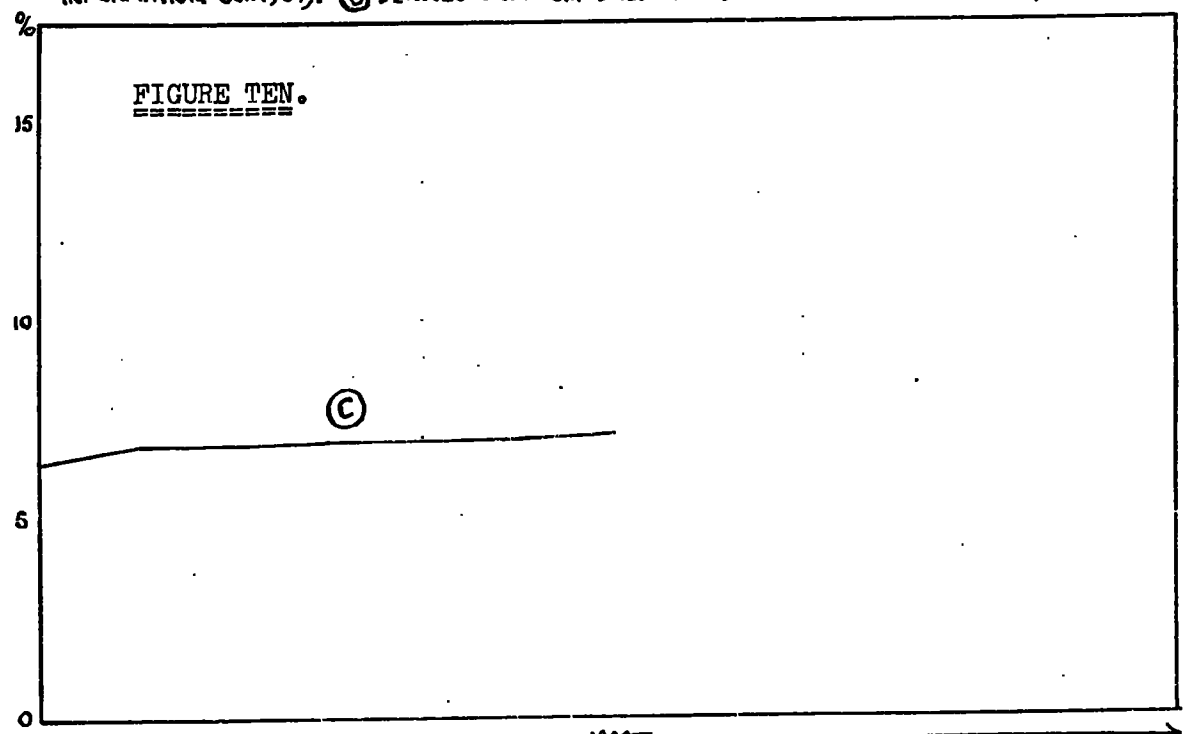
NORTH RIDING NORTH.

PERCENTAGE OF PERSONS ACTIVELY EMPLOYED IN THE RESPECTIVE DISTRICTS (SEE CHAPTER "EMPLOYMENT ACTIVITY WITHIN THE TWO DISTRICTS", FOR QUALIFICATIONS AND LIMITATIONS OF THE DATA).

FIGURE EIGHT.



(A) DERIVED FROM STATISTICS PUBLISHED IN 'ECONOMIC TRENDS' (REF. MONTHLY BULLETIN OF STATISTICS AND ECON. INFORMATION OCT. 1964). (B) DERIVED FROM STATISTICS IN MONTHLY BULLETIN, APRIL, 1966.

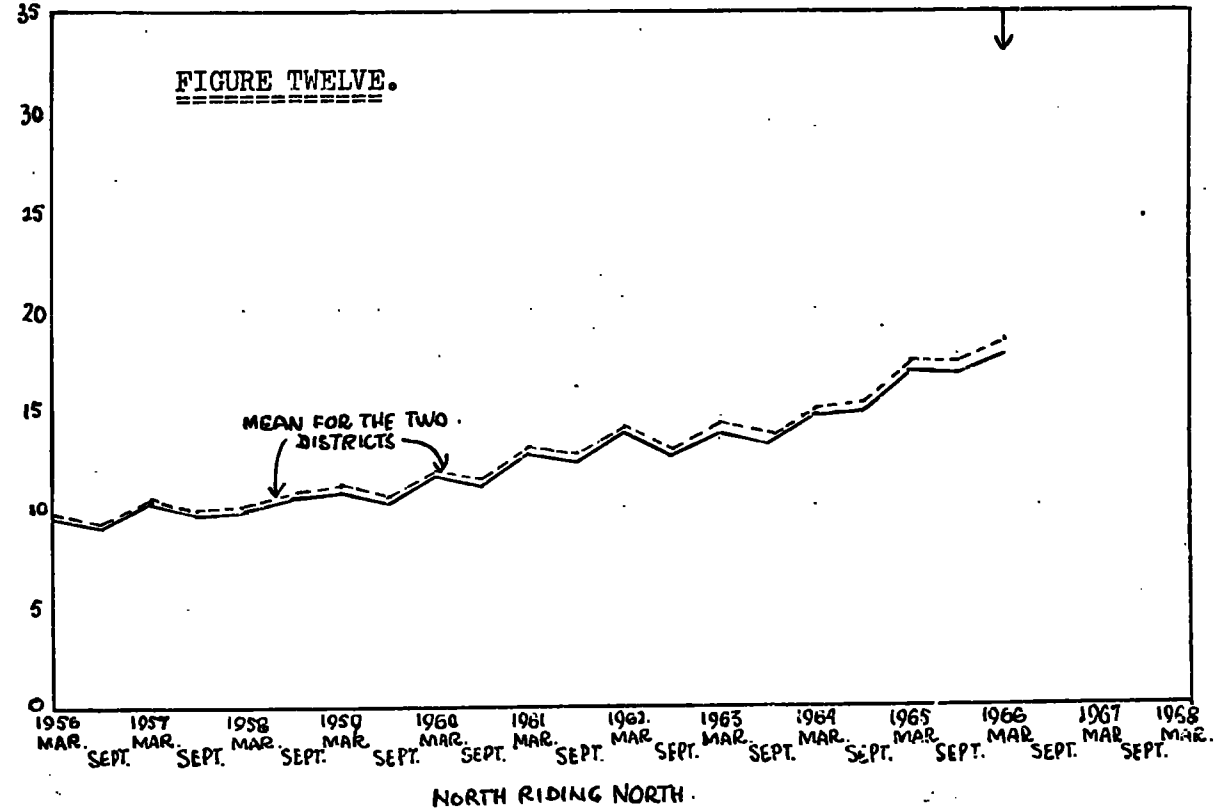
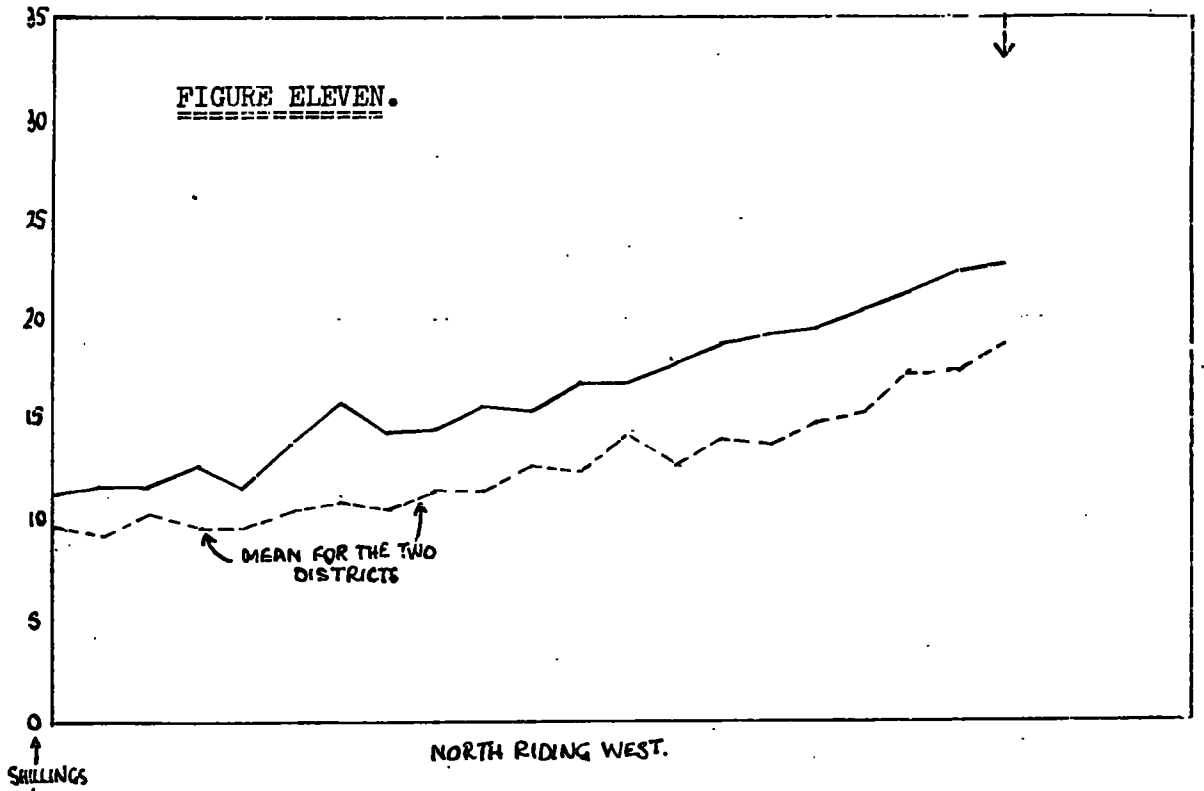


1968II 1968III 1968IV 1969I 1969II 1969III 1969IV
ESTIMATE FORECAST QUARTERLY

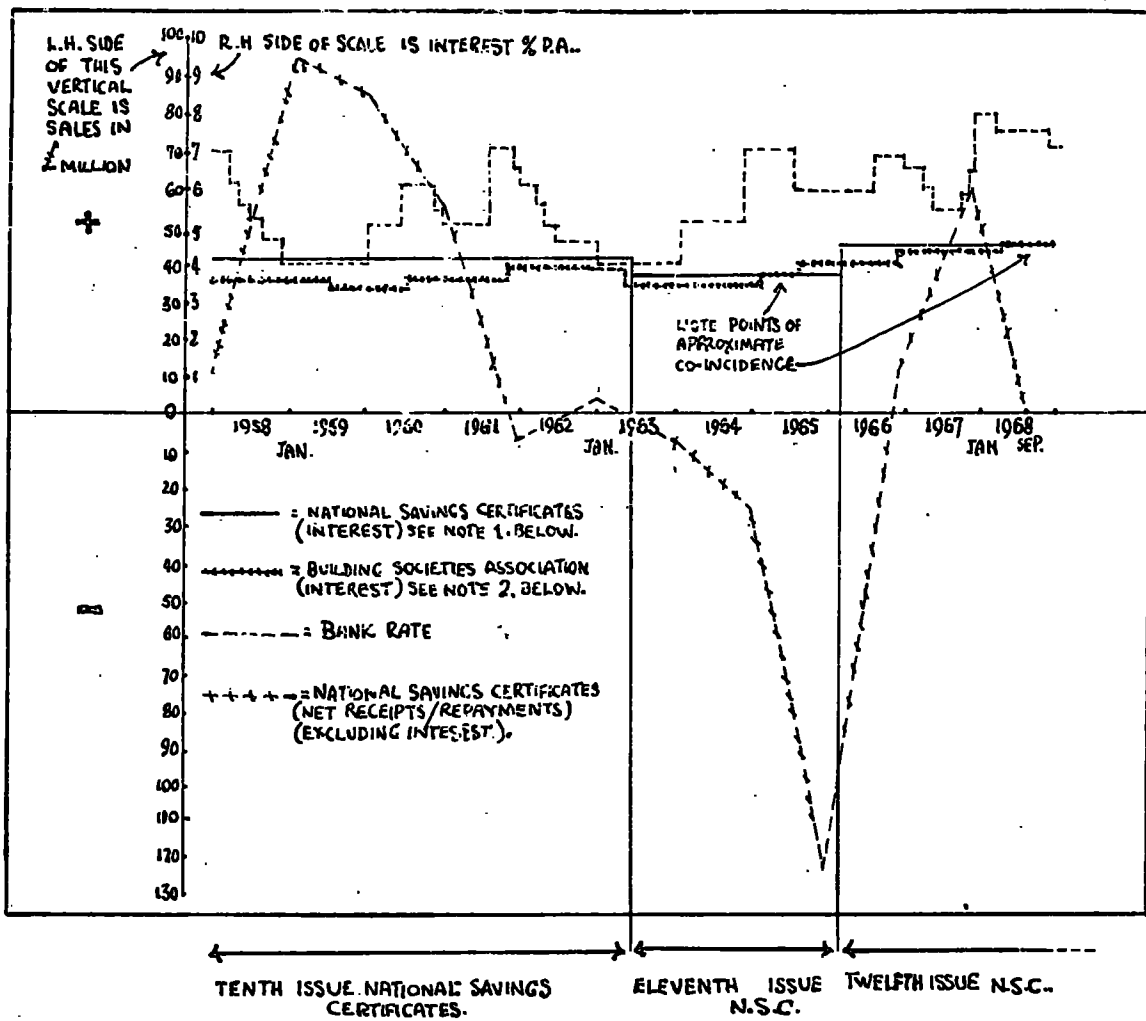
'DISPOSABLE INCOME' (SEE CHAPTER, BELOW).

(A), (B) AND (C) HAVE DIFFERENT BASES, THEREFORE, CANNOT BE COMPARED DIRECTLY. HOWEVER, TRENDS MAY BE USEFULLY NOTED.

(C) DERIVED FROM STATISTICS OF 'NATIONAL INSTITUTE OF ECONOMIC & SOCIAL RESEARCH' (REF. MONTHLY BULLETIN, SEPTEMBER, 1968).
BASED ON CONSUMER PRICE INDEX 1958 = 100.



SAVING AT WORK (GROSS), THROUGH NATIONAL SAVINGS GROUPS, EXPRESSED AS $\frac{1}{2}$ - PER HEAD PER WEEK IN THE RESPECTIVE DISTRICTS.



NOTE 1. THE INTEREST RATE INDICATED FOR SAVINGS CERTIFICATES OF THE TENTH, ELEVENTH AND TWELFTH ISSUES ASSUMES THAT EACH IS HELD FOR 7, 6, AND 5 YEARS RESPECTIVELY. (INTEREST IS PAID FREE OF INCOME TAX AND SURTAX.)

NOTE 2. NET OF INCOME TAX WHERE THIS IS PAID BY SOCIETIES AT THE AGREED COMPOSITE RATE.

NATIONAL SAVINGS CERTIFICATES - INFLUENCES IN TEN YEAR'S SALES.

FIGURE THIRTEEN.
 =====

CHAPTER TWO.

Employment Activity within the two Districts.

Statistics provided by the Department of Employment and Productivity; qualifications to be observed; numbers Actively Employed; relationship to personal saving.

Employment Activity within the two Districts

There is obviously a relationship between the employment situations prevailing within the districts stage by stage throughout the period under consideration, but one would expect to move well away from economics when dealing with this topic and become deeply involved in social psychology. For example, does Unemployment cast its shadow before itself causing an increase in personal savings as a form of a buffer against anticipated lean times? In very settled periods, what really motivates the saver? If saving is more or less a natural thing what measures can be taken to persuade people to save more, particularly within organised savings schemes in places of employment? As will be seen below, assessing a level of employment activity is subject to the effects of many variables.

The following statistics were provided through the co-operation of the Department of Employment and Productivity. They are representative of the two districts of the North Riding West and the North Riding North with the following reservations. Thornaby figures are grouped with those of Stockton and Billingham. Stockton and Billingham are now part of Greater Teesside (since 1st April, 1968) but being in County Durham lay completely outside the area under consideration during the period chosen (1956 to 1966). Such inaccuracies as arise have been mitigated by adding the respective population figures to those of the North Riding North, and then

by showing the percentage over the whole (i.e. inclusive of Stockton and Billingham). It can be stated that the two towns of Stockton and Billingham are very similar in a general socio-economic sense to the towns in the Middlesbrough district. In noting these reservations, the following considerations should be taken into account; to quote an officer of the Department of Employment and Productivity:-

- (1) "The figures relate to all employees insured under the National Insurance Scheme including those who are unemployed and those who are absent from work owing to sickness and other causes, but exclude severely disabled persons who are unlikely to obtain employment other than under special conditions, established civil servants whose national insurance contributions are paid without the use of cards, and foreign-going seamen.
- (2) The figures relate to employment exchange areas and these are not necessarily the same as the local authority in which they are situated. They cannot, therefore, be taken to represent the numbers working in or resident in a local authority area.
- (3) In 1962 a revised method of compilation was introduced whereby cards belatedly exchanged were included in the figures. The effect of this was an apparent but unreal increase between the figures for 1961 and 1962.
- (4) The figures for 1966 included for the first time persons registered as wholly unemployed who had had no previous industrial experience.

(5) The figures are subject to sampling errors and no significance should be attached to relatively small changes between one year and another."

Statistical tables follow:-

Table 1

Estimated Number of Employees (Employed and Unemployed), in the two Districts, 1956 to 1966.

<u>Year</u>	<u>North Riding West</u>			<u>North Riding North</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
1956	13798	7085	20883	130032	46562	176594
1957	13886	7649	21535	130159	47553	177712
1958	14824	6910	21734	134636	47917	182553
1959	14380	6826	21206	132015	48754	180769
1960	14656	7544	22200	134212	50416	184628
1961	14720	7239	21959	136193	52287	188480
1962	14789	7822	22611	133062	53088	186150
1963	15606	7753	23359	130787	52842	188629
1964	15231	8110	23341	132481	54699	187180
1965	15136	7916	23052	133964	55241	189205
1966	15166	8324	23490	141039	58435	199474

Table II

Population in the two Districts with the addition of Stockton M.B. and R.D., and Billingham.

<u>Year</u>	<u>North Riding West</u>	<u>North Riding North</u>	<u>Stockton M.B. + R.D. and, Billingham</u>	<u>Total of previous two columns</u>
1956	75451	291010	109384	400394
1957	76193	293744	110815	404559
1958	76342	296922	112587	409509
1959	76746	300446	114172	414618
1960	88900	305030	116270	421300
1961	88510	310370	118140	428510
1962	84500	319090	123050	442140
1963	85050	324750	125570	450320
1964	85780	328330	127470	455800
1965	87210	331240	128820	460060
1966	87230	333850	130640	464490

As stated, in the second paragraph of this chapter, the percentages worked out below, have been based upon the populations of the North Riding West directly, but including the Stockton and Billingham figures with the North Riding North to coincide more closely with the areas from which the numbers of employees were drawn. (Note: Stockton M.B., but not R.D. subsequently became part of the Borough of Greater Teesside).

Numbers registered as Unemployed, at June each year, in the two Districts

These figures, as stated above, can only lead to rough estimates of the numbers actively employed when they are deducted from the estimated numbers of employees given in Table I, as the Employment Exchange areas are not completely co-terminous with the Local Authority areas in which they are situated: therefore, comparison with the census population figures is not always possible.

Table III

<u>Year</u>	<u>North Riding West</u>			<u>North Riding North</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
1956	108	77	185	901	602	1503
1957	113	86	199	926	708	1635
1958	107	91	198	2481	1018	3498
1959	120	89	209	4325	1630	6155
1960	110	42	152	2266	1101	3367
1961	95	57	152	1931	940	2871
1962	155	79	234	6592	1537	8129
1963	202	86	288	8340	2228	10568
1964	188	59	247	4150	1283	5433
1965	180	65	245	2631	952	3583
1966	172	43	215	2141	683	2824

Estimated numbers actively employed in the two Districts

Subject to all the qualifications stated, deducting the figures in Table III from those in Table I, an estimate is arrived at for those actively employed throughout the period.

Table IV

<u>Year</u>	<u>North Riding West</u>	<u>North Riding North</u>
1956	20883 - 185 = 20698	176594 - 1503 = 175091
1957	21535 - 199 = 21336	177712 - 1635 = 176077
1958	21734 - 198 = 21536	182553 - 3498 = 179055
1959	21206 - 209 = 20992	180769 - 6155 = 174614
1960	22200 - 152 = 22048	184628 - 3367 = 181261
1961	21959 - 152 = 21807	188480 - 2871 = 185609
1962	22611 - 234 = 22377	186105 - 8129 = 178021
1963	22359 - 288 = 22071	188629 - 10568 = 178061
1964	23341 - 247 = 23095	187180 - 5433 = 181747
1965	23052 - 245 = 22807	189205 - 3583 = 185622
1966	23490 - 215 = 23275	199474 - 2824 = 196650

Percentage Numbers of (i) Employees (employed and unemployed) ;
(ii) Persons actively employed,
within the two Districts

The figures in the brackets are, of course, the percentages of the unemployed at the dates stated. They are well rounded off, but in view of the qualifications made, more accurate calculations would be meaningless. It is significant to note that in spite of the rounding-off, an almost constant percentage prevails in the North Riding West, but one of considerable variation in the North Riding North.

<u>Year</u>	<u>North Riding West</u>			<u>North Riding North</u>		
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
	<u>Employees</u>	<u>Actively Employed</u>		<u>Employees</u>	<u>Actively Employed</u>	
1956	27.7	27.4	(0.3)	44.4	43.7	(0.4)
1957	28.3	28.0	(0.3)	43.9	43.5	(0.4)
1958	28.5	28.2	(0.3)	44.6	43.7	(0.9)
1959	27.6	27.4	(0.2)	43.6	42.1	(1.5)
1960	25.0	24.8	(0.2)	43.8	43.0	(0.8)
1961	24.8	24.6	(0.2)	44.0	43.3	(0.7)
1962	26.7	26.5	(0.2)	42.1	40.3	(1.8)
1963	26.3	25.9	(0.4)	41.9	39.5	(2.4)
1964	27.2	26.9	(0.3)	41.1	39.9	(1.2)
1965	26.4	26.1	(0.3)	41.1	40.3	(0.8)
1966	26.9	26.7	(0.2)	42.9	42.3	(0.6)

CHAPTER THREE. .

Industries with and without Wage Structures.

Socio-economic conditioning to the NRN and NRW districts; history and traditions; P.I.B. urging Agricultural Wages Board to find a basis for a wage structure; local opinions expressed by a Union leader; national statistics illustrating industries with strong wage structures and those without; wage rates in Steel, Chemicals and Agriculture.

Industries with and without Wage Structures:

The NRN and the NRW were socially and economically conditioned in a curious way: as will be seen from the lists of local savings committee areas in the introductory chapter, apart from the County Borough of Middlesbrough, each area was linked to the North Riding Authority by various levels of local government, Boroughs, Urban Districts and Rural Districts. The whole, including Middlesbrough, was highly conscious of being Yorkshire. We are left with a nebulous kind of division between those areas which feel they belong to Cleveland and those which do not. On the whole, the NRN is socially conditioned to industries with a wage structure and now dominated by Steel and Chemicals whilst the NRW is agricultural or has small industries thereby associated. There are some unusual exceptions to this latter combination as in close proximity to Richmond M.B., is Catterick Military Camp with a population of 30,000 which is about four times that of Richmond itself. The Camp is maintained by a civilian labour force of 4,500. There are, in addition two important R.A.F. installations at Catterick and Leeming. Another substantial employing body is the North Riding County Council itself with County Hall in Northallerton. The status quo of the whole area was ruthlessly disturbed by the inauguration of the County Borough of Greater Teesside on 1st April, 1968. The addition of two towns in County Durham, Stockton and Billingham within the new borough and the exclusion of rural parts along with some of the traditional "iron" areas, including Loftus with Skinningrove Ironworks, which were conditioned to being Cleveland

can readily be seen to be major sociological factors for re-adjustment. The lucrative rate-paying area of the Wilton I.C.I. works was lost to the North Riding County Council. In short, an industrial population of about 400,000 was enclosed in the new Borough boundaries, and with it the two districts, in terms of study, had gone. The amalgamation of the separate parts of the Borough illustrated that the feeling of belonging to, or not belonging to, certain places was closely associated with the network of countless societies, associations, and organisations which tended to be grouped within the districts, or areas, forming coherent parts of those areas.

Professor T.S. Ashton in the introductory chapter of his book on The Industrial Revolution⁽¹⁾ refers to late 17th century and early 18th. "..... there was taking place a rapid increase of capital. The number of people with incomes more than sufficient to cover the primary needs of life was growing: the power to save was increasing. Stable political and social conditions, following the Settlement of 1688, encouraged men to look to more distant horizons: what economists call time-preference was favourable to accumulation. The class structure was also favourable to it. It is generally recognized that more saving takes place in communities in which the distribution of wealth is uneven than in which it approaches more closely to modern conceptions of what is just" It appeared that these disparities were widening as time went on. Professor Ashton traces developments in the accumulation of wealth pointing out that creation of it does not necessarily lead to a

creation of capital goods: there must be a willingness to save combined with a willingness to usefully employ what has been saved. In the early 18th century such conditions were favourable, and apart from local development, savings began to be impersonalised through the opportunity offered by State gilt-edged investment thence to a greater mobility of capital, not always linked with security, followed by a substantial fall in rates of interest.

With this historic background briefly stated, the question is do we know very much more about saving to make generalisations ? In a published work⁽²⁾ H.E. Lydall states "Personal saving is a variable and elusive quantity, which, though moving in a fairly stable path for large groups, exhibits sharp fluctuations from one individual to another.

Some of these fluctuations can be explained by peculiarities of individual experience, such as exceptionally large changes of income, the receipt of a windfall, or unusual expenditure on durable goods, or for other purposes." It seems that the writer came to no tangible conclusions even after comparing most comprehensively, the data of (i) low income groups, who use their savings, that is to say, "liquid assets" for capital expenditure from time to time and, (ii) those who are at a sufficiently high level to absorb their spending and add to their stock of liquid assets. "A complete explanation of saving behaviour must try to take account of as many of these different influences as can be shown to be independently important. But the fundamental determinant of saving is clearly the level of income."

In a classic discourse on saving⁽³⁾ Marshall states: "The greatest savings are made by those who have been brought up on narrow means to stem hard work, who have retained their simple habits, in spite of success in business, and who nourish a contempt for showy expenditure and a desire to be found at their death richer than they had been thought to be. This type of character is frequent in the quieter parts of old but vigorous countries, and it was very common among the rural classes in the rural districts of England for more than a generation after the pressure of the great French war and the heavy taxes that lingered in its wake". But that was written in 1890.

When the data were systematically collected from the NRN and NRW it became evident that the rural district was capable of a better overall savings pattern for a great portion of the period. In the NRN and NRW Inquiry one could expect to find that the savers in the rural area were much more likely to hold a multiplicity of types of saving than in the NRN. One can assume that this activity stems from an attitude of mind, a willingness to save still reflecting tradition.

At the end of this chapter are given recent national statistics⁽⁴⁾ which show the intensity of regulated wage structures in the industrial areas and almost the complete lack of wage structure in agriculture. At the same time as these statistics were compiled the Prices and Incomes Board urged the Agricultural Wages Board to "pursue their discussions for a wage structure as a matter of urgency". It can also be seen that the level of wages in the Steel and Chemicals far exceed those in Agriculture⁽⁵⁾ and that allowances

are still paid in kind in the last. Quite apart from the advantages of overtime working, from time to time, the industrial worker is at a monetary advantage over the agricultural worker by at least 25%. A prerequisite of a wage structure is to be able to define hours of working, however complicated such may be. It will be appreciated how much more difficult the regulation of hours is where a worker is employed intimately in a face to face situation, and faced also with a real problem with the weather.

The following report (6) and the main points from correspondence arising therefrom greatly assists in localising the general information given in the national statistics. Responsible for the report is the organiser of the National Union of Agricultural Workers, J. Brocklebank, Esq., C.B.E., J.P., C.C., of Dishforth, Thirsk and refers to the NRW district and contiguous areas. (i) No progress at all is being made towards reducing the gap between wages in agriculture and those in other industries: "They", (that is to say P.I.B.) "point out that average weekly earnings in agriculture are lower than in any other industry covered by the department of Employment and Productivity's six monthly earnings survey". (ii) There is a higher concentration of low paid workers in agriculture than anywhere else. (iii) Mr. Brocklebank says that if the industry neglects working hours it does so at its peril. (iv) The gap between agriculture and other industries is even greater in hourly earnings than in weekly earnings. Rather than keeping pace, the industry has lost ground by maintaining a 44 hour week whereas many other industries have had a reduction. (v) "About half the workers

occupy tied cottages at less than free market rents. But the value, although considerable in money terms for some workers, is offset by the lack of security. Tenancy ends with the job, and ending includes leaving for any reason, such as health reasons, in addition to ordinary retirement. (vi) Living on the farm incurs extra obligations.

Mr. Brocklebank states that certain areas within the district have fairly substantial differences in earning: those are such as parts of the Vale of York, Boroughbridge, Ripon and Thirsk are favourably placed by virtue of having land suitable for intensive cropping (sugar beet, early potatoes, carrots, and crops of that kind) which require a good deal more labour than others. This has the effect of increasing the overall earnings. He suggests that Ryedale, situated between Sutton Bank top and Scarborough could yield an income, presumably for the farmer, of £300 per year less than the areas mentioned above. It is interesting to note that he does not think that it follows that higher earnings lead to higher disposable incomes as they concern personal savings because "the pressures of spending are, maybe, greater in the higher earning areas than say in Ryedale". He believes that it generally follows that where earnings are lower it is because the opportunities to earn are less, and this, in turn, leads to a less demand for outside interests. This last is a plausible and interesting hypothesis.

Mr. Brocklebank refers to the P.I.B. Reports Nos. 25 and 101, and states that his Union accepts the finding with authenticity as they are mainly based on the Ministry of Agriculture Wages Inspect-

orate findings. Vigilance is kept by the Ministry on cases where there might be evasion or under payment of minimum rates. They endeavour to classify cases farm by farm, which improves techniques for calculation.

Arriving at a general conclusion from (i) the factual evidence within the limits of the local NRN and NRW Enquiry (ii) Collected statistics (iii) the national surveys and market researches reviewed, and now (iv) the less definable attitudes which we can see to exist within the different environments, derived from face to face contacts during fieldwork, two main assumptions may be made. First there must be an ability to save. Secondly, the willingness to do so is an attitude of mind, linked with the past, and associated with social pressures which impart a feeling of combating the unknown or future insecurity. This environmental force maintains the sentiments of Thrift and is quite capable of balancing the greater opportunities associated with an environment which is more regulated on the whole.

The following tables are reproduced from the Annual Abstract of Statistics (Central Abstract Statistical Office), 1968, No.105.

Table 217 - Average Weekly Earnings of Agricultural Workers in Great Britain.
(see notes, below).

<u>Half year periods</u> <u>Beginning :</u>	<u>Adult Males.</u>		<u>Youths.</u>		<u>Women and Girls.</u>	
	s.	d.	s.	d.	s.	d.
1950						
April	115 .	5	77 .	11	75 .	3
October	115 .	8	74 .	10	77 .	11
=====						
1955						
April	165 .	4	99 .	1	104 .	5
October	160 .	3	95 .	5	106 .	3

1956						
April	174 .	2	101 .	10	111 .	7
October	174 .	11	103 .	0	104 .	3
1957						
April	184 .	10	109 .	6	116 .	9
October	183 .	5	111 .	0	120 .	1
1958						
April	195 .	7	116 .	6	124 .	2
October	193 .	9	118 .	0	126 .	2

1959						
April	204 .	1	120 .	7	129 .	0
October	195 .	2	118 .	8	127 .	2
1960						
April	211 .	8	125 .	9	132 .	5
October	206 .	11	124 .	10	134 .	4
1961						
April	224 .	1	132 .	6	146 .	7
October	215 .	1	131 .	1	136 .	5

1962						
April	231 .	6	139 .	6	143 .	3
October	228 .	2	138 .	8	142 .	7
1963						
April	248 .	1	145 .	3	147 .	4
October	242 .	8	143 .	5	147 .	9
1964						
April	261 .	6	155 .	6	158 .	8
October	250 .	1	148 .	5	162 .	10

continued over-leaf

Table 217, continued

Half Year Periods	Adult Males.		Youths.		Women and Girls.	
	s.	d.	s.	d.	s.	d.
<u>Beginning :</u>						
1965.						
April	279	5	163	1	183	9
October	272	8	166	7	166	5
1966						
April	295	9	176	8	182	0
October	286	3	174	1	190	9
1967						
April	309	1	180	4	195	4
October	300	9	174	4	186	6

- Notes (i) The tables refer to the total earnings of hired regular whole-time workers including payments in kind valued where applicable, in accordance with Agricultural Wages Orders.
- (ii) Ages for Adult Males, refer to 21 years and over up to March 1956, and 20 years and over thereafter, consequently, ages for Youths are under 21 years up to March, 1956, and under 20 years thereafter.

Quoting from the same source,
Table 215 - Estimated Farming Net Income :

<u>Years ended May :</u>	<u>£ mn.</u>
1957 - 8	376
1958 - 9	333
1959 -60	362.5
1960 - 1	393
1961 - 2	425.5
1962 - 3	446
1963 - 4	408.5
1964 - 5	476
1965 - 6	463.5
1966 - 7	491.5
1967 - 8 (Forecast prepared Mid-January, 1968).	510

The above take into consideration in the revenue side the following items: Farm Crops; Fatstock; Milk and milk products; Eggs and Poultry; Horticultural Products; other Products; Production Grants and other Credits; and increase in value at cost of farm stocks and work in progress. On expenditure : Labour, rent and interest, Machinery (depreciation); fuel and oil etc.; Feeding stuffs and Fertilisers; Seeds; Imported livestock; and, other expenses.

For comparison, the following tables are quoted from the same source:

Table 148, Average earnings of Administrative, Technical, and Clerical Employees.

<u>Males.</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
All industries covered by the inquiry:	£25 - 8 - 11	£26 - 14 - 1	£27 - 18 - 7.
All manufacturing industries:	£25 - 13 - 0	£26 - 15 - 10	£28 - 1 - 5.
<u>Females.</u>			
All industries covered by the inquiry:	£10 - 9 - 1	£11 - 2 - 7	£11 - 14 - 9.
All manufacturing industries:	£10 - 6 - 7	£10 - 19 - 9	£11 - 12 - 5.

Note: Monthly paid workers' earnings are converted to a weekly-paid basis (related to the last pay-week in the month).

-----v-----

Table 149, over-leaf, has been re-arranged with the data vertically given.

Table 149, Average weekly earnings of Manual Workers at April each year.

	<u>Men.</u>		<u>Youths.</u>		<u>Women.</u>		<u>Girls.</u>	
	s.	d.	s.	d.	s.	d.	s.	d.
1957	242	11	111	0	126	0	83	11
1958	253	8	115	11	131	4	85	9
1959	261	10	118	11	137	2	87	6
1960	280	4	126	3	145	1	93	1
1961	298	11	137	6	153	2	99	11
1962	310	10	143	2	157	9	104	5
1963	321	10	146	4	164	0	105	2
1964	348	9	161	1	177	5	116	9
1965	374	9	176	1	185	9	126	0
1966	401	7	193	0	201	0	135	3
1967	409	4	199	6	206	2	138	10

Note: Workers covered by Department of Employment and Productivity's normal Half-year enquiry + agricultural workers, coal miners, certain workers of the British Transport Commission (and its successors) + dock workers on daily or half-daily engagements.

 continuing with

Table 150, (Source Department of Employment and Productivity),
Average Weekly earnings of manual workers - based on
Standard Industrial Classification, 1958.

(a)	<u>Men (21yrs.</u>		<u>Women (18</u>		<u>(b) Men (21yrs.</u>		<u>Women (18</u>	
	<u>and Over).</u>		<u>and Over).</u>		<u>and Over).</u>		<u>and Over).</u>	
	s.	d.	s.	d.	s.	d.	s.	d.
1960	290	8	148	4	303	3	148	3
1961	306	10	154	6	317	10	154	3
1962	317	11	160	10	326	10	160	7
1963	334	11	168	3	345	9	168	2
1964	362	2	179	1	373	4	178	11
1965	391	9	191	11	404	3	191	11
1966								
April	405	9	199	5	419	4	195	9
Oct.	406	1	201	4	415	6	201	3
1967								
April	411	7	204	2	422	7	204	4
Oct.	427	6	211	2	437	9	201	10
1968								
April	445	3	218	10	456	3	219	2

Note: In Table 150, immediately above, the difference between the two columns in (a) and the two in (b), is that (a) is based on Manufacturing + certain other industries; and (b) on Manufacturing industries, only.

The figures exclude clerical and salaried workers, but include Bonus + Overtime etc. before deduction of tax, or insurance contributions etc..

Average Weekly Hours (see over).

Ref. Ministry of Labour,

"Time, Rates of Wages and Hours of Work - 1st. April, 1964".

pp.45 Iron & Steel Manufacture - Great Britain.

Minimum rates in operation in the industry,

<u>STEEL SHEET ROLLING</u>	per week	Stabilised percent- age additions	Fluctuating Flat- rate additions.
Class of worker	s. d.		s. d.
Day labourers	71 - 10.48	109	64 - 2.40
Shift labourers hours 42 per wk.	69 - 11.27	109	57 - 0.80 (for five shifts)

pp.37 Constituent Firms of I.C.I. Ltd.

Minimum hourly Rates and Wages

Men 21 years and over	s. d.
Day Labourers	4 - 9 $\frac{1}{4}$
Shift Labourers	5 - 4 $\frac{1}{4}$

Hours not to exceed 42 excl. of meals - Shift workers incl. of meal times not to exceed 42 (for continuous 3 shift workers) & 42 $\frac{2}{3}$ (for non-continuous 3 shift workers).

pp.1 Agriculture

Minimum Weekly Rates of Wages

Men 20 years and over	s. d.
Craftsmen after three years	209 - 0.
Apprenticeship/ other workers	190 - 0.

Hours 45 excl. meals but incl. time when employer cannot find work under reasonable conditions due to weather.

Allowances in kind (in lieu of payment in cash).

Board	46/6d.
Lodging	9/6d.
Housing accommodation	6/0d. (six shillings) per week.
Milk (whole pint)	4 $\frac{1}{2}$ d.

Notes:

- (1) The Industrial Revolution 1760-1830, J.S. Ashton. O.U.P. pp.7.
- (2) H.F. Lydall (Institute of Statistics), "British Incomes and Savings" ch.5 pp.146-164 (Basil Blackwell - Oxford 1955).
- (3) Marshall, Principles of Economics. Ch. VII "The Growth of Wealth" para. 6.
- (4) Annual Abstract of Statistics (Central Abstract Statistical Office), 1968, No.105.
- (5) Ministry of Labour "Time, Rates of Wages and Hours of Work - 1st April, 1964".
- (6) Press Report "Wages Structure for Agriculture Urged by P.I.B." Darlington and Stockton Times, 15th March, 1969; and correspondence with the N.U.A.W. Organiser, Mr. Jack Brocklebank of Dishforth (near Thirsk, N.R.) 26th March, 1969.

CHAPTER FOUR.

Disposable Income - Elucidation of the Term.

Progressive methods of assessment; examples of methods of calculation; relationship between disposable income and personal saving.

Disposable Income - Elucidation of the Term.

In the previous chapter, regard was paid to the areas with complex wage structures, and those with little or none. In chapter seven, and indeed throughout this study, the topic of Money Management is prominent. Two reported conference addresses by the Secretary of the National Savings Committee focus ones attention on numerous aspects of this in an admirable way.⁽¹⁾ Personal saving at its starting point is very much on a domestic level, and is directed into the several channels of saving and investment by countless decisions made by individuals, their families, or small groups. The N.O.P. survey on National Savings Media, to which reference was made in chapter five, named them the "decision-makers". The effective disposable income which a person has depends upon two things: how much income he is able to make, and how much he is willing to do so. Having made the money, the question arises as to how he will control it. He may let it lie fallow like some people use Piggy Banks; he may spend it or part of it; or he may invest (save) it. All those who are competing for it, including the Thrift institutions, would benefit by having some standardised measuring rod, by which to judge success or failure. A percentage of some such unit would fulfil this requirement, and it was some kind of reasoning along these lines which led to the concept of Disposable Income.

It might well be that the term crept into the language from the Blue Book, 'National Income and Expenditure'⁽²⁾. National Income, or 'National Dividend' is a monetary evaluation of all goods and services which are the result of economic activity. Three things must be considered together (i) the total of income derived as rewards:

these being work done, interest/dividend, rent, profit; (ii) total spending, which may be on investment as well as upon consumption; and (iii) total production of the many industries being the Gross National Product (GNP). This obviously leads us a long way from the domestic level.

The bulk of national income statistics came indirectly, until about thirty years ago, mainly from the Inland Revenue, the accounts of Central and Local Government, the nationalised industries and the Board of Trade. Now approaching the assessment of National Income more directly, economists endeavour to isolate what 'personal incomes' are and so consider the relationship between the two. Looked at in terms of saving potential, account is taken of all persons receiving incomes of varying sizes, and from all sources, and having deducted taxes regard the remainder as disposable. More and more qualifications and refinements in arriving at the disposable amount have been introduced into the calculations as time as gone on. Consequently, the terminology has become more complicated. One of the early findings was that personal expenditure tends to rise less sharply than does income. Keynes had already noted this situation. When these conditions prevail, one would expect the promotion of saving to be easier than when the opposite circumstances are operative. Assuming we accept this hypothesis, there is no simple way of deciding upon some optimum in the propensity to save: the market researches reviewed in chapter five, and the NRN and NRW Inquiry found that certain income groups, and marital status made certain sections of the population more favourable sources of saving than others. In any case, the picture is frequently confused

by there being imposed or relaxed credit restrictions, which hold back demand or release pent up demand. The very local changes in fortune were illustrated in chapter three when the wage structures were discussed, and in chapter two the level of active employment must be a very serious consideration. The usefulness of a standard of measurement is still there above all these considerations, and in a fairly sophisticated manner the following items need to be balanced out:-

Personal Income before Tax:

- (a) Wages and Salaries; (b) Forces' Pay; (c) Employers Contributions;
- (d) Current Grants from Public Authorities; (e) Other personal income.

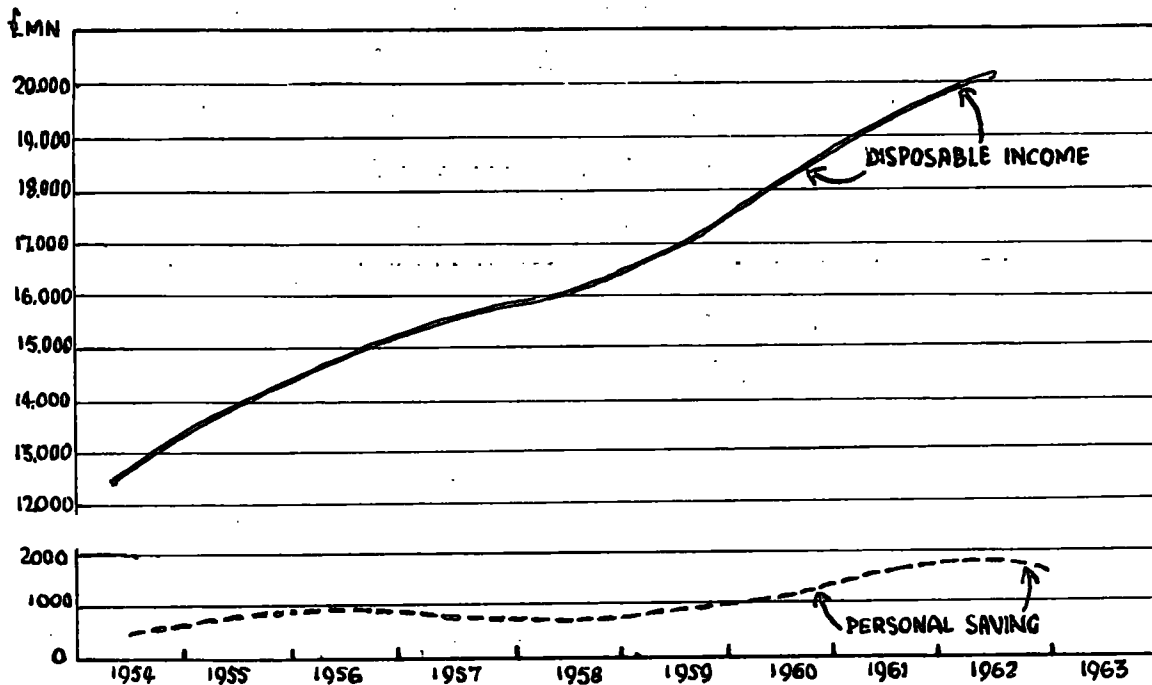
Deductions:

- (a) U.K. Taxes on Income (payments);
- (b) National Insurance and Health contributions, and other closely associated compulsory payments.

This leads us to one concept of Disposable Income. If we can now assess the highly complex item of Consumers' Expenditure, the difference may be termed Personal Saving, which could be expressed by a further calculation as a Savings Ratio. Personal Saving and Savings Ratio so termed are not the active savings flowing into investment but merely economic terms for measurement. They are illustrated graphically in figures fourteen and fifteen, which follow.

With considerable success in assessing disposable income, vigilance on the immediate short term causes of fluctuations is obvious. There will be a link between bank lending policy, and hire purchase activity. Also from time to time significant sums are suddenly released into the economy such as a special release of Post War Credits in 1962. Then

there are periods of unemployment which lead on to the increased payments of benefits. Epidemics may force up benefit claims at a significant level, and even periods of bad weather may depress consumption. Consequently, Disposable Income, and the other categories derived from the calculations, are best viewed on a long term, and over as wide a population as possible.



THE GROWTH OF DISPOSABLE INCOME AND PERSONAL SAVING SINCE 1954.

(DERIVED FROM A DIAGRAM PUBLISHED IN MONTHLY BULLETIN OF STATISTICS AND ECONOMIC INFORMATION, AUGUST 1963).

FIGURE FOURTEEN.
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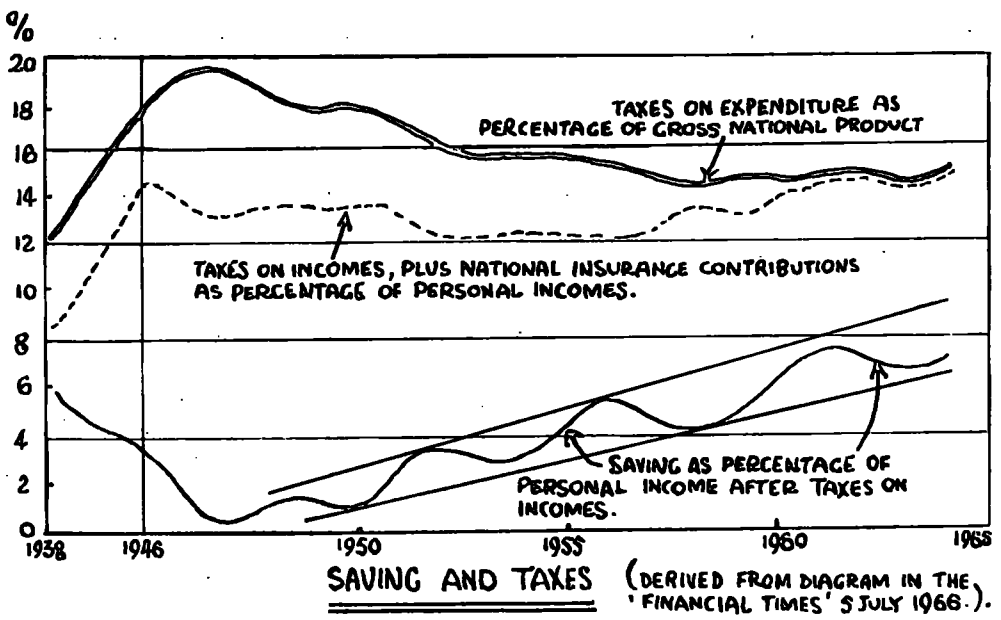


FIGURE FIFTEEN.

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Notes:

- (1) See Appendices 1(a) and 1(b).
- (2) Central Statistical Office, 1960.

CHAPTER FIVE.

The Motivation of Savings.

Marshall's definition of saving; information through surveys and market research projects; NRN and NRW Inquiry; inquiry into young persons' banking and saving, locally; National Savings market research; TSB survey on Users and Non-users of the TSB; general conclusions.

The Motivation of Savings:

"If people regarded future benefits as equally desirable with similar benefits at the present time, they would probably endeavour to distribute their pleasures and other satisfactions evenly throughout their lives. They would therefore, generally be willing to give up a present pleasure for the sake of an equal pleasure in the future, providing they could be certain of having it. But in fact human nature is so constituted that in estimating the 'present value' of a future benefit most people make a second deduction from its future value, in the form of what we may call a 'discount', that increases with the period for which the benefit is deferred"

(Marshall).

This fundamental principle which Marshall saw so clearly and expressed in the Principles in 1890 ⁽¹⁾ has become more and more bound up with the economics of welfare, and indeed politics, over the years, is now a major issue. Without labouring the point, it means that since Marshall we have come to live in an economy with a high degree of enforced savings, turbulently expressed in frequent reforms of State pensions of the greatest complexity, which must modify, to say the least, everyones attitude as to what provision to make for the future. To add to the confusion, there is a multiplicity of schemes concerning State pensions. Graduated Pensions, supplementary pensions, crossed with schemes contracting out by certain professions, private companies, funded and non-funded schemes, and even variations within these according to certain date lines. That is an international problem, not only in the narrow sense of the internal affairs of different states, but in a global sense wherever, and whenever, a sense of responsibility for one section of the human race is sufficiently felt by another. ⁽²⁾

It is against this situation that the Thrift institutions must

compete for, and the private and public sectors of the economy must bid for, the substantial flow of small savings. The mosaic of the numerous sources of savings is concisely brought together in one of the issues of the DEA Progress Reports.⁽³⁾

Due to the co-operation of the National Opinion Polls Limited,⁽⁴⁾ the Trustee Savings Bank Association,⁽⁵⁾ and the National Savings Committee,⁽⁶⁾ it is possible to bring together for this study the results of three important surveys or market research projects. In addition two enquiries have been carried out in the NRN and NRW districts, one of these was specifically concerned with the savings of school leavers combined with apprentices in the big Teesside firms⁽⁷⁾ and the other a general enquiry for this dissertation.⁽⁸⁾ This last was designed to supplement the information in the chapter "Data Graphically Presented", above, which brought together collected published statistics over the 1956-66 period. It will readily be seen that each of these enquiries was designed to glean information for different purposes, but, all the same, form part of a pre-requisite for promotional work. Realistic information of what is happening is obviously desirable. In the chapter concerned with the techniques of selling savings one could see the mobilisation of sentiments, the assumption of attitudes, and the use of occasions for drives, campaigns, or ~~by~~ whatever name one wishes to give ^{to} special efforts. It is obviously an economy of effort and expense to direct special efforts towards those sections of the public from which the best results can be anticipated, unless the front is broadened purely for educational purposes. It can be said that the National Savings

Movement, in the promotion of Money Management teaching "casts its bread upon the waters", and expects no immediate returns in the form of an upsurge of investments.

The several enquiries referred to above may now be reviewed. The local enquiry, which will be titled the 'NRN and NRW Enquiry', will be dealt with first, and a copy of the analysed results placed in the Appendices. The national surveys will be dealt with more concisely by giving the main findings only. It is the case, that some areas of agreement are readily observable, and some degrees of differences.

NRN and NRW Enquiry: The object was to obtain general information which would be of practical use, particularly so, since in gathering together information for this study, one had to be content with statistics applicable to wide areas, if not nationally. It was fortunate that local figures for the employment position were obtained, but when one endeavours to find a tangible method of making an appraisal of the Wage Structure, data of a local nature are elusive.

The enquiry is based on a small but significant sample utilising a questionnaire. With the absolute assurance to those taking part that the completed forms would be analysed by completely disinterested persons so far as the content of the replies was concerned, and with the provision of stamped reply envelopes accordingly, fifty of the questionnaires were handed out personally, and five hundred were sent by post working from the Electoral Rolls. The distribution was made in a manner which gave the maximum of representation: a proportionate

division was made on the basis of population in NRN and NRW; the principal centres were used within the districts, then within the wards, the roads or streets within the wards, and every tenth address within the streets, so far as stocks of the questionnaire were available. Had the response been poor, a further distribution of comparable size would have been made, but fortunately, a better than average return came in, at any rate for a postal enquiry. The questionnaires were sorted accordingly to the return postmarks, there being 222 in all, but 15 of that number were unanswered leaving a workable 207 (a 37% response). This 207 contained 45 persons who declared that they made no saving at all. That 22% of the sample categorically state that they have no savings is a matter of some concern for the Thrift institutions. The analysis which follows being based on savers should take into account that each positive group could be reduced in performance by a 20% margin.

Within the limits of the return, there was a marked degree of consistency, based on a 9:5 ratio, between the NRN and NRW, and between the married persons and the single. In fact, this 9:5 ratio repeated itself in several counts where one would expect it to do so, which imparted a general feeling of quality in the return. The analysis took into account age groups, marital status, weekly/monthly earnings, average weekly savings, and the scales of preference for the popular range of saving channels. It also asked what response there would be towards improved reward for saving in the several channels.

Main Findings: According to the return, the most responsive section

of savers was to be found in (i) 40-60 age group, and (ii) the married persons within that group: and very heavily weighted towards (iii) married persons with children. In the NRN the sample picked up 65.8% of its savers with married persons who had children, the NRW 55.3%; and the combined districts 62.1%.

Percentages of the several channels of saving:

Persons save in a multiplicity of channels, but ^{the} 104 savers in NRN, and 58 savers in NRW (total 162) the following preferences were shown:-

<u>Where Saving.</u>	<u>NRN.</u>	<u>NRW.</u>	<u>COMBINED</u>
Post Office Savings Bank	27.6%	37.9%	31.3%
National Savings Certificates	20.0%	20.7%	20.2%
National Development Bonds	Nil	3.4%	1.2%
Building Societies	22.9%	39.7%	28.8%
Premium Savings Bonds	14.3%	36.2%	22.1%
Trustee Savings Banks	10.5%	17.2%	12.9%
Co-operative Society	5.7%	20.7%	11.0%
Insurance Policies	47.6%	69.0%	55.2%
Unit Trusts	2.9%	8.6%	4.9%
Savings Clubs	17.1%	15.5%	16.6%
Commercial Banks (Deposit A/c.)	12.4%	27.6%	17.8%
Other Ways	2.9%	17.2%	8.0%

Looked at a measure of performance by persons saving in more than one channel, the NRN = 183.8% and NRW 334.5%. A count of individuals in NRN = 193, and NRW = 194, and this almost coincidental number reverses the population proportion in the sample as 5:9 ratio,

which means that in the rural area a saver is likely to save in almost double the number of channels than does a saver in the industrial area.

Male and Female Savers: The division was not significant, as the questionnaire was mainly completed by the males (as Head of the Household), but a division between persons who were Employed and those Unemployed (which could include those who are not normally employed) taken alongside the categories of Single, Married with Children, and, Married without Children, strongly re-inforced the view that children in a family constituted a factor very conducive to regular saving.

Weekly Saving Range in relation to Net Weekly Earnings: This proved to be pure Keynesian, so far as the sample analysed itself out in both NRN and NRW, and on the charts appended, with the range of savings on the left hand (vertical) column, and the Net Weekly Earnings graded on a rising scale horizontally, one can readily see a fairly clearly cut diagonal band. That is to say the sample showed a direct relationship between the ability to save and the willingness to do so. In the NRN this made a very spirited beginning indicating a good response by the comparatively small earner. Similarly, it was suggested by the sample that those who were saving through organised schemes at their places of employment were following the same pattern but the replies picked up too few examples to be significant. The degree of involvement in the forms of saving of a contractual kind was evident: Insurance Policies headed the list throughout the whole range of weekly savings; commitment to Building

Society schemes was strongly represented in the upper range of 10/- per week upwards, and saving through the Post Office Savings Bank was well supported through the whole range, although as will be seen when looking at the savings of young people in what follows many people appear to hold Post Office Accounts but use them spasmodically, and sometimes not at all.

Responsiveness to Raising Interest Rates: Reward for saving in the form of interest is not the only motivating force. The habit of saving itself, seems to be a natural phenomenon to a fair degree. The enquiry listed each of the popular types of saving, and it was found that in NRN, taking the savings channels collectively, 30 would have more, 1 less, and 64 the same, if interest rates were increased. In the NRW, 40 would save more, 1 less, and 107 the same. Overall, this means that 2.4 to 1 would be against changing their rates of saving even though it were more profitable for them to do so. This very question was the basis of investigation in the N.O.P. Enquiry which is reported upon later. This is a highly complicated affair as it is obvious that the several savings channels are widely different functionally, some offering a convenience, and some bordering on being a necessity.

Young Persons' Banking and Saving: Directly concerned with the promotion of Money Management is an accurate knowledge of how young persons are saving. With the co-operation of six Secondary and Grammar Schools, and the Apprentices' Schools in two of the important Teesside firms (Head Wrightson and I.C.I.), an enquiry was conducted personally involving about 350 young persons who were about to leave

school or who were in the first year at work. The results gave a fair indication of banking and saving habits, how they started, and how the effort was maintained. Although there were variations in the results, the I.C.I., one proved to be a good average of the whole, and is given:-

I.C.I. Apprentices' School - Saving and Banking:

Date - 8.10.1965 Enquiry completed by 100 apprentices in the Wilton School. Ages 15 to 17, with a few seniors up to age 24.

Post Office Savings Bank Accounts:

Without accounts	71	
With "	29	of which 11 opened by parents for the young persons.
		15 " by young persons themselves.
		3 " school
of these	29	Post Office Accounts
		9 are used weekly
		0 " " monthly
		15 " " occasionally and
		9 " " never.

Trustee Savings Bank Accounts:

Without accounts	92	
With "	8	of which 3 opened by parents
		4 " by young persons themselves.
		1 " at school
of these	8	T.S.B. Accounts
		3 are used weekly
		0 " " monthly
		5 " " occasionally and
		0 " " never

Yorkshire Bank Accounts: (N.B. A bank which also deals with School Savings).

Without accounts	77	
With "	23	of which 2 opened by parents
		10 " by young persons themselves.
		11 " at school
of these	23	Yorkshire Bank Accounts
		7 are used weekly
		1 is " monthly
		10 are " occasionally and
		5 " " never.

Accounts in other (Joint Stock) Banks etc.:

Without accounts	68
With "	32

These 32 accounts were distributed:-

Midland Bank	3	account(s)
Barclays Bank	7	"
Westminster Bank	5	"
National Provincial Bank	6	"
Martins Bank	2	"
Lloyds Bank	5	"
District Bank	1	"
Co-operative Bank	1	"
Co-operative Building Soc-		
(iety	1	"
National Bank of Scotland	1	"

Purchasers of National Savings Stamps:

Non-Purchasers	86
Purchasers	32 14

These 14 buyers obtained their stamps from:- Post Offices 14
Elsewhere nil
of these 14 buyers of savings stamps 13 cash them
1 purchases National Savings
Certificates with them
0 uses them to deposit in
POSB or in TSB.

Purchasers of National Savings Certificates:

Non-Purchasers	95
Purchasers	5

of these 5 buyers of Savings Certificates

4	purchase them at the Post Office
1	purchases them elsewhere
0	purchases them regularly
5	purchase them occasionally.

The Saving/Banking activity in the group was unevenly distributed:-

20	took part in no savings at all
55	" " " one category
23	" " " two
2	" " " three
0	" " " four
0	" " " five
<u>00</u>	" " " six categories
<u>100</u>	

National Savings Media Research, carried out by National Opinion Polls Limited:

This survey was carried out for the Daily Mail, in January, 1967. The object: "..... to investigate which government concession(s) would persuade people to save more through the Post Office and other National Savings media."

Method: 1924 personal interviews were carried out with a systematic probability sample of electors aged 21 and over throughout Great Britain. The field work was conducted between the 4th and 9th January, 1967, as part of National Opinion Polls' political survey.

Main Findings: 88% of the electors interviewed participated in the making of savings and investment decisions for the household.

These 'decision makers' responded:-

35% would save more if interest rates were raised in POSB and TSB.
 18% " " " " " " " " " on Savings Certificates.
 10% " " " " " " " " " on National Development Bonds.

14% declared they would buy more Premium Savings Bonds if the prizes were bigger.

Knowledge of the securities is a guide to action according to the findings of this enquiry in the sense that those who possess certain of the securities are more likely to be responsive to improved rewards

than those without. For example, 40% of National Savings Certificate savers, and 30% National Development Bond holders, would be so encouraged, against 14% and 10% respectively for the non-savers. Of the sample, the POSB or the TSB headed the popularity list with 47%, followed closely by Premium Savings Bonds with 43%. National Savings Certificates claimed 16%, but National Development Bonds only 2%.

Attitudes to National Savings: The enquiry commissioned by the National Savings Movement, and carried out by Market Investigations Limited, looked at attitudes towards three securities, namely National Savings Certificates, Premium Savings Bonds, and National Development Bonds, with a view to improving promotional techniques. The work was programmed from late 1967 to early 1968, completing the enquiry before the Budget date. An exploratory Depth Research, a Methodological Pilot, and a Questionnaire Pilot, preceded the main survey. The main survey consisted of a sample of 1900 men and women over the age of 16 selected by quota methods to be representative of the adult population of England and Wales (Age, Sex, Social Class and for women - Working/Not Working). Bases were weighted, on social class, to provide adequate means for analysis.

Summary and Conclusions:

Current Savings Patterns:

"The vast majority of adults in England and Wales have at least some savings: 84% of those interviewed held one or more of a list of securities that included all the common savings methods except for life insurance. Three quarters of the sample had bought savings

during the previous year and were classed as Active savers but the majority of savings were very small: a quarter had less than £50 and half less than £200 (about a fifth refused to say how much they held)!"

Although the majority of people have at least some savings, middle class people and those in the middle-age groups (45-64) are more likely to save than other sectors of the population and to have fairly large holdings.

Two thirds of savers held at least two different types of security. Those with only one type of security tended particularly to favour the readily accessible forms of saving: Post Office Savings Bank and Trustee Savings Bank Ordinary Accounts and Bank Deposit Accounts. They were also more likely to hold Premium Bonds.

Those with more than one form of saving tended to favour a Bank Deposit Account or a Building Society for their major investment. Only 8% had National Savings Certificates and 6% Premium Bonds as their largest security.

There was a tendency for the Government securities to overlap: holders of each one were rather more likely than non-holders to possess the other Government securities.

Attitudes to Government Securities:

Although most people thought that they should save when the country was in financial difficulties they felt under no obligation to buy Government securities. They felt that choice should be based entirely on an appraisal of what was most appropriate to their needs. The Party in power made no difference to their attitude to Govern-

ment securities but they thought on the whole that private enterprise put the money to better use.

Holders of Government securities were only marginally more likely than non-holders to feel that there was a special point in buying Government securities. National Development Bond holders were most in favour of buying them.

General Savings Motivations:

Non-savers seem to include both those who are genuinely hard up and those who are temperamentally disinclined to save: they tended to be working class, to have large families and to feel themselves to be badly off. They also tended to be less concerned with preserving their financial independence and to feel that it is better to enjoy any surplus money now than to save it. They appeared to be more prepared to rely on the Welfare State than savers - perhaps because there is less difference between the standard of living they have at present and that which would be provided by the Welfare State.

Those with relatively large savings tended to be at a stage in their lives when they had surplus money available and an incentive to save: in general they had few financial commitments than those with small savings in that they had smaller households and were unlikely to have children; they also had larger personal incomes and a high proportion of them already owned their homes outright. They were also particularly concentrated in the 45-64 age group and were therefore likely to have retirement needs in mind. In addition, they tended to be middle class and it is the middle class which seem particularly to value prudence and saving for the future rather than

living for the present.

Owning one's home outright was strongly linked with having relatively large sums of money saved and with having large holdings of each of the Government securities. The inference seems to be that the completion of house purchase sets free fairly large sums of money which are likely to be directed into savings rather than used to increase the standard of living.

Saving also appears to be a matter of being able to afford it: both the incentive and the opportunity are higher at certain times of one's life and lower at others. Those with particularly small amounts saved (£50 or under) had less money to save and also, because they were younger and relatively optimistic about their financial future, had less incentive to save now rather than to increase their standard of living.

"Comment:

One outstanding feature of the survey was the ignorance of the public. For example, knowledge of interest rates was remarkably low even amongst investors of quite substantial sums. Not only was there a very large number of "don't knows" but the majority of those giving answers were incorrect. This was true, not only of National Savings, but of all forms of savings investigated. The emergent conclusion is that people are a good deal less knowledgeable than they imagine they are and the idea propogated by many financial writers that they have created a nation of sophisticated savers is not as true as was supposed.

Security of capital is still the number one choice of every

saver and in his search for security he seeks out the familiar and easy rather than the more complicated."

Users and Non-Users of the Trustee Savings Banks:

One of the most comprehensive enquiries on saving was made at an opportune time for inclusion in this study, and it was commissioned by the Trustee Savings Bank Association. The survey was carried out by Overmark Limited, during 1967, making a national enquiry based on twelve regions. Care was taken in selecting the areas not only because they were geographically distinct but also because they were as homogeneous as possible: they also contained an approximately equal number of TSB accounts. Those interviewed were unaware that the Trustee Savings Bank Association was directly involved as they were asked to give information in a general way about savings banks not specifically the TSB. Nationally, 2,600 users of the TSB and a similar number of non-users were interviewed; area interviews were on a basis of 200 users and 200 non-users, and the development of the sampling techniques followed numerous pilot projects. All interviews were conducted in the respondent's own home. One of the areas selected was the Northern Area, which coincided very largely with the NRN and NRW districts.

Some of the Findings of the Survey:

"One of the most interesting findings was that there is very little regional difference in usage of, and attitudes to, the Trustee Savings Banks." It appears that the TSB is better known in the North and in Scotland, but the public's assessment of the advantages and disadvantages of the TSB seemed to vary very slightly regionally.

The number of Trustee Savings Bank Depositors:

Approximately one person in five of the adult population in the United Kingdom is, at the present time, a Trustee Savings Bank depositor. In actual numbers this means that some 7 million adults use the Trustee Savings Bank.

The Type of Person who uses Trustee Savings Banks:

The chief difference between a user of Trustee Savings Banks and a non-user is one of class.

Social classes A/B are under-represented among Trustee Savings Bank users and there is a slight over-representation of the C2s.

The Trustee Savings Bank user, compared with the non-user, is, therefore, more likely to have finished his education earlier; to be a manual worker; to have a lower family income; to be paid in cash; not to own a car and not to read the quality press.

So far as sex, age, the composition and number of workers in family, participation in employers' pension and profit sharing schemes, use of hire purchase, ownership of TV are concerned, the Trustee Savings Bank user is much the same as the non-user.

Use of Other Banking Institutions:

A fifth of all Trustee Savings Bank account holders also have an account with a Joint Stock Bank and a tenth are with a Building Society. These people are more likely to be in the higher social classes and in the middle age groups.

Use and Location of Branches:

One half of Trustee Savings Bank account holders had been to

their bank within the past month. Most users go to a bank near home, rather than near work, although two fifths of them have to go over a mile to get there and over half go by car or bus. Depositors of a Trustee Savings Bank are more likely than Joint Stock Bank users to have to rely on public transport to get to their branch. While a greater number of young people tend to use a Joint Stock or Trustee Savings Bank nearer work than do older people, the majority of young people still use a Trustee Savings Bank nearer their home.

Reasons for First Opening an Account:

'Saving' is the main reason for opening a Trustee Savings Bank account. By comparison, a Joint Stock Bank account is often opened so that wages or salaries can be paid into it. Building Society accounts are opened because people think it 'helps to get a mortgage'. A fair proportion of Post Office Savings Bank accounts were opened by parents or started at school.

The advantages of a Trustee Savings Bank Account:

The advantages of having a Trustee Savings Bank account are concerned with saving; for example, it is 'an easy way to save', 'a safe way to save', and 'you can earn interest'. A Trustee Savings Bank is also said to offer friendly service, and some people like the idea of not having overdrafts because then they can't overspend.

Reasons for Saving:

'To meet unexpected expenses' and 'old age' are two of the most important reasons for saving, but there are age differences.

For example, the 16 to 24s save for holidays or to buy a house, to get married, and to buy durables. The 25 to 34s save for a house and also the expenses of children.

Reasons for opening a Trustee Savings Bank Account:

The desire to save is clearly the predominant incentive when opening a Trustee Savings Bank account.

Family influences seem to be much greater than that of friends - 12 per cent opened accounts because other members of the family had one and 9 per cent had an account opened for them by their parents. Thus, as many as 1 in 5 of the currently active accounts were first opened through family activity: clearly this is a profitable way of getting new depositors for the Trustee Savings Banks and one which could, perhaps be exploited further.

The survey has shown that 'saving' is a universal habit. Virtually everyone saves for some reason or other. It has also shown that the public are generally apathetic about saving. It is not enough for the Trustee Savings Banks to wait for new depositors to come to them. The Trustee Savings Banks must activate potential savers. Finally, once a new Trustee Savings Bank depositor has opened an account, make sure he is kept an active Trustee Savings Bank depositor.

Areas of Agreement:

With a view of the enquiries and surveys collectively, certain areas of agreement are evident (i) the middle aged, of the middle class appears to be the most responsive groups towards saving and small investments. (ii) Each records a barren field of about 20%

of the population unable or unwilling to save. (iii) The presence of children in a family is an active force towards systematic saving. (iv) Saving is plainly a matter of being able to afford it though basically necessary. (v) Rewards for saving, account for only part of the urge to do so. (vi) A certain sophistication appears to centre round certain types of saving, and so the several channels are thereby associated with Social Class. (vii) A working knowledge of one means of saving imparts determination in the choice of other means. This argues strongly in favour of the Money Management training upon which the National Savings Movement has committed itself.

General Conclusion and the application
of the findings in the NRN and the NRW.

This study has endeavoured to bring together information from a wide area, and draw it inwardly to see how it applied to the NRN and NRW districts. The T.S.B. survey on Users and Non-users of the T.S.B. may be fairly safely applied directly, as one of the findings was that there was very little difference regionally. The section on the North of England was, therefore, favourable material for the two districts. During the main period of the study, there were six branches of the bank in the NRN, and two more have been opened recently. In the NRW there were three branches open daily (Richmond, Northallerton, and Thirsk), and two part-time ones (Bedale and Leyburn). According to the T.S.B. report, one in five of the population is a T.S.B. customer. The NRN and NRW Inquiry indicated that the rural area, in spite of its widespread character geographically, came close to this with 17.2 % of the sample. The urban area with only 10.2 % was, therefore, only a half of the national average. In fact, as seen in the analysis (C), the rural area was more responsive in all categories with the exception of savings clubs.

Head of the Household.

The questionnaire requested the head of the household to make the replies, and, consequently, the returns from the Females were not significant. What was strongly significant was the very responsive group of Married Persons with Children. There was a division into Employed and Unemployed in this analysis, which obviously anticipated that the former would be more favourably recorded as savers than the latter. In the NRN Employed Married persons with Children constituted 66 % of the

sample. In the rural NRW this category was higher at 73.5 %. In the area the weekly paid and the monthly paid were in a ratio of approximately 2:1, and in the rural area almost equally represented at 1:1 .

The significance of Age Groups.

With regard to age groups, the NRN urban area showed the main grouping of married persons with children to come from the 30 to 60 age group, and this weighted towards the 50 to 60 end of the scale. This is seen in Analysis (E). In the rural NRW the response in the same category was much more evenly distributed throughout the 20 to 60 range of ages.

Employed and Unemployed.

The questionnaire did not ask for any very specific details on this sub-division and could include those who are not normally employed. From the returns seen in analyses (E) and (F) the Married Persons with Children appeared to be responsive according to the same pattern as the Employed. That is to say the unemployed groups showed a willingness to save particularly with regard to having children and belonging to the middle age group. The urban NRN had 13.3 % of the sample as savers against 4.8 % as non-savers. The rural NRW area recorded 5.2 % of the rural count and had no non-savers.

Single Persons.

Within the limits of the return, the sample showed a small response of between 5 % and 7 % persons saving in NRN, and was almost in balance with the non-savers. Numbers in the NRW were not significant.

Savings Plan according to Earnings.

This looked at saving on the long term looking for the well planned efforts (housing, children's education, retirement and so on). Combining

the ability and willingness to save, both areas responded with a well marked trend in direct relationship. In the analyses (I) and (J) these diagonal bands of scatter are clear. However, there are differences between the urban and rural sections. According to the returns, the urban NRN has its most responsive group in the earning range of £25 to £40 per week. The rural NRW is weighted towards the £15 to £30 per week earners. In both districts the range of saving of 10/- to £3 per week than the other ends of the 2/6- to over-£5 scale.

Saving in Places of Employment.

The numbers of replies in organised saving at work were small. The NRN return contained 5 and the NRW 6, but this was not out of line with the percentage of industrial savers in relation to the population as a whole. In the two districts over the main period this is shown in figures five and six in Chapter One. Within the limits of the sample the same pattern may be seen to be emerging in this category as in the savings in general described above.

Personal Contacts in Savings Groups.

The value of organised savings groups cannot be counted according to actual membership and savings recorded. In the Teesside in the latest 1969 returns one finds that about 9.1 % of the population are members of National Savings Groups, in Places of Employment, Schools, and the Street/Village/Social Group categories, and that the rate of saving (gross) is about 7.1 % of the general savings effort. The group savings methods are long established, and in the broad sense are educational. The regularity of the methods of deduction from pay, or the weekly collections is good sense psychologically as it bridges the gap

between the good intentions of the saver and the actual action of saving. The whole affair is intimate relying for its smooth operation on personal contacts, and face to face relationships. The section of the Street/Village/Social groups, is mainly responsible for its success to voluntary women workers, and it is thought that nationally over one million homes are visited each week. In terms of the dissemination of knowledge, or pure advertising this work, motivated by well informed men and women working with the official staff and the network of committees, this activity has a powerful promotional value.

The Forms of Saving.

In both districts the middle range of saving in £1 to £4 per week group was the most popular, but there was an upward swing also for over-£ 5 per week. This was to be expected in terms of the questionnaire as the forms asked for included all popular categories including Building Societies and Insurance policies. The analyses (K) and (L) show Insurance as a contractual form of saving as a strong leader, with the Building Society savers supporting that category well. The urban NRN had a ratio of 50:24 between these two respectively, and the rural NRW a ratio of 40:23. In the NRN the Post Office Savings Bank registered a good response in the return with 29 savers ten of whom stated that they save over £ 5 therein. Unit Trust activity was more in evidence in the rural district than in the urban one. With only three replies from the NRN as compared with five from the NRW, within the limits of the Inquiry the chances of finding Unit Trust holders in the rural parts are about double the chances in the urban parts. As a means of saving, the Co-operative Society was favoured but more strongly in the

rural area than in the urban area. NRW had a response of 12 and NRN of 6. This indicated that the chances of finding Co-operative Society savers in the rural area was between three and four times more favourable than in the urban area.

Responsiveness to increased interest.

In the National Savings market research it was found that security of funds was a number one priority as a deciding factor. This is strongly supported by the NRN and NRW Inquiry as seen by the analyses (M) and (N). Throughout the whole range of channels of saving, only about a third would change their plans as a result of increased rewards, with the exception of those supporting Building Societies. In the urban NRN the position was 8 ; 4 in favour of increased interest in return for more saving, and in the rural NRW 10 : 9 similarly responsive.

Over-all Responsiveness.

This was stated above as a count of individuals engaged in saving of one kind or another within the terms of the questionnaire. The NRN with a count of 193 and the NRW with a count of 194 have to be taken to read against the numbers of positive replies in the returns which were in a 9 : 5 ratio. This may fairly be interpreted to mean that the rural NRW is superior by 9 : 5 , or almost double, in terms of responsiveness.

Notes:

- (1) Principles of Economics. Marshall. Chapter 5 para 3.
- (2) The adoption of an income-related pensions plan, which is in the formative stage in our own country at present (1969), contrasts sharply with the lingering problem of aid to underdeveloped countries. The latter problem is well reviewed in an article, "The Problem of the Underdeveloped Countries Lack of Savings". (Monthly Bulletin of Statistics and Economic Information, November, 1961 - Fourteenth Year No.3).
- (3) DEA Progress Report, No.51, April, 1969.
- (4) NOP/2098, January, 1967, National Savings Media Survey.
- (5) TSB Association, survey by Overmark Limited, January, 1967. An article in the TSB Gazette, Vol.XXXIII, No.1. January, 1968, refers.
- (6) Market Investigations Limited, report June, 1968 "Attitudes to National Savings", prepared for National Savings Committee.
- (7) Survey using a Bank. This was conducted in six schools in the NRN and NRW, and two NRN schools for Apprentices.
- (8) The NRN and NRW Enquiry, 1968. Copies of the analysis are included in the Appendices.

CHAPTER SIX.

The Payment of Wages Act - 1960.

The progressive application of the Act; the significance of the social changes resulting; impact upon the habits and patterns of family saving.

Introduction.

The Act is in keeping with modern business practices, in an age of machine accounting, the use of computers, and above all re-grouping of industries into very large units. Re-grouping frequently leads to centralised pay offices which may be situated great distances from local works.

Pressure for the introduction of the Act came from numerous directions. Trade Unions favoured it, not only because it offered another facility for the members, but because some members considered it to be degrading to have to queue up for wage packets, whilst office staffs need not do so.

From the security point of view, firms cut out or mitigated wage grabs and raids.

So far as saving is concerned, the paying of wages by cheque is a serious consideration, for which provision has to be made in the promotion of organised schemes. This can be seen if one considers that deduction from pay methods are directed towards savings banks, whereas wages by cheque may be, and probably are, directed towards commercial banks. A saver would consider whether or not to have two separate accounts the one for his wages and the other for his saving. Moreover, this is a social change which bears directly on the pattern of family budgeting. The complete answer has not yet been found, but it may come by the introduction of the Save as you Earn contractual savings scheme outlined in the 1969 Spring Budget and due to operate in the late autumn of 1969.

The Payment of Wages Act - 1960

A summary of the Act is as follows:- (i) The Act was necessary in order to repeal the Truck Acts as they applied to the payment of wages in kind. A cheque/credit transfer being under the general heading of kind as distinct from hard cash clearly illustrates the necessity for the appropriate legislation. (ii) The implementation of the Act is programmed by stages commencing with one of the permissive character on the following progression: (a) firms being permitted to proceed (b) firms obliged to proceed but only if requested in writing by an employee to have his pay (wages/salary) paid by cheque/credit transfer. This last stage dated from 1st March, 1963. It should be distinctly noted that this procedure does not mean that the employee will necessarily be paid directly into a bank. In fact he may not have a banking account, on the one hand; and, he may not want to have one, on the other hand. He may flatly refuse to be a bank customer. A N.O.P. inquiry, to which attention is drawn briefly, below, is very revealing. It is also rather astonishing to detect reluctance towards bank-account holding amongst the social classes (e.g. of the A to B range) wherein this reluctance is least expected.

It is, therefore, a most elusive and recalcitrant problem we are dealing with here. Under what category of reasoning does it come;

economic; socio-economic; psychological? A general socio-psychological approach is indicated. This chapter deals with the subject broadly but it could be enriched by interviews with persons concerned i.e. to inquire from those who have changed from a cash system to one of payment by cheque as to how they have adapted their money habits, and those who still prefer to maintain a system of cash wages. The relevance to the general subject of saving is self-evident, but the following main points might be stressed:

- a) A cash wage packet is ready for immediate spending as soon as it is received by an employee.
- b) It is fairly easy to conceal its exact level from a third party (e.g. should a worker not wish to disclose to his wife a fortuitous overtime/bonus payment etc.).
- c) On the part of the recipient, or someone associated with him, it involves physically counting the cash, dividing it up into component parts of a budget (if any).
- d) It involves a journey to a bank or building society or insurance etc., etc., on the part of someone to transfer the cash to savings of the orthodox nature.
- e) It involves a risk of loss on the part of the individual, and serious security risks, collectively, on the parts of employers (the far too familiar cash raid adequately illustrates this).

A payment by cheque/credit transfer, is mainly the obverse of the above range of headings, but with some qualifications:

- a) On the parts of the commercial banks it may prove impossible to cope with business working within their present hours, their present (or even foreseeable) levels of Staffs, and premises should there be a large scale changeover to the system.

- b) The problem of appropriate bank charges.
- c) The willingness to accept the Giro system if this is adopted by employers.
- d) The possible or even probable refusal on the parts of the POSB and TSB's to their accepting business of this type.
- e) The unprofitability of completely IN and completely OUT accounts unless accompanied by a high scale of charges.
- f) The practice of finding people other than bankers 'obliging' a person by cashing his 'cheque' etc., this brings in that touchy element of disclosing to others what one earns. This may be an archaic way of dealing with money, but one which still survives. It has numerous undesirable features which are self-evident.
- g) The frequency of the payment with its waiting period before spending e.g. week/fortnight/month. In any case, if a worker is living so close to the margin that he needs all his wages without a moment's delay does he really know that they have been duly transmitted to a bank by a certain time on a certain date?

If a well controlled spending pattern is adopted by a person or his family, a sophisticated type of budget becomes possible immediately, with its attendant advantages. So at this stage we can consider the picture in the round, and it would be useful to see the above points as others see them either anticipated or after the event.

A National Opinion Poll inquiry was carried out in 1965, and the results of this are well reviewed in an article "Bank Accounts" in the Trustee Savings Bank Gazette. ⁽¹⁾ The main findings are reprinted below. Apart from reviewing the NOP inquiry the article refers to the apparent demand for a savings bank type of account with a cheque

book service (i.e. of the current account type), particularly by younger people, and the advent of such a service with the Trustee Savings Banks.

"NATIONAL OPINION POLL". In view of this trend of thought over recent years, it is of considerable interest to read the report of a recent market survey on "Bank Accounts" carried out by National Opinion Polls Limited for Thomas de la Rue International Limited. This survey of a representative sample of some 2,000 adults in Great Britain aged 16 or over took place between 8th and 12th July, 1965, and was designed to ascertain how many people, and what sort of people, have bank accounts.

On the basis of "sample" it is estimated that 26.7 per cent of the adult population of Great Britain have a personal current account, ranging from 16 per cent in Scotland to 35 per cent in Wales, the South-West and South-East. In addition, when joint accounts and people with two accounts are taken into consideration, it is estimated that the total number of accounts is some 9,740,000, of which 18 per cent are joint accounts, and that 10,700,000 people have the use of a personal current account with a cheque book.

In order to discover who these people are, they have been analysed by sex; age; social class; region; how often paid; and method of payment as follows:

<u>ANALYSIS BY SEX</u>	<u>All adults</u>	<u>Men</u>	<u>Women</u>
Population in thousands	40,090	19,070	21,020
	%	%	%
People having current accounts - 10,700,000	26.7	34	20

<u>ANALYSIS BY AGE</u>	<u>All Adults</u>	16-24	25-34	35-44	45-54	55-64	65+
Population in thousands	40,090	6,630	6,640	7,230	6,990	6,280	6,230
	%	%	%	%	%	%	%
People having current accounts	26.7	17	31	33	28	27	30

<u>ANALYSIS BY SOCIAL CLASS*</u>	<u>All Adults</u>	AB	C1	C2	DE
Population in thousands	40,090	4,680	7,970	15,390	12,040
	%	%	%	%	%
People having current accounts	26.7	76	44	17	7

<u>*Social Grade</u>	<u>Social Status</u>	<u>Head of Household's Occupation</u>
A	Upper middle class	High managerial, administrative or professional
B	Middle class	Intermediate managerial, administrative or professional
C1	Lower middle	Supervisory or clerical and junior managerial administrative or professional
C2	Skilled working	Skilled manual workers
D	Working class	Semi and unskilled manual workers
E	Those at lowest levels of subsistence	State pensioners or widows (no other earner), casual or lowest grade workers.

ANALYSIS BY REGION

	<u>All adults</u>	<u>Scotland</u>	<u>North</u>	<u>Midlands</u>	<u>Wales & SW</u>	<u>SE</u>
Population thousands	40,090	3,750	10,820	6,610	4,740	14,170
	%	%	%	%	%	%
People having current Accounts	26.7	16	22	19	35	35

ANALYSIS BY HOW OFTEN PAID

(Percentages)	All Adults %	Have Bank Account %	Do not have Bank Accounts %
All adults	100	27	73
Not working	100	18	82
Working	100	33	67
Working and: Paid Weekly	100	17	83
Paid fortnightly/ Monthly	100	72	28
Self employed	100	81	19

ANALYSIS BY METHOD OF PAYMENT

(Percentages)	All Adults %	Have Bank Account %	Do not have Bank Account %
All employees	100	28	72
Employees paid by Cheque/Credit Transfer	100	72	28
Cash	100	17	83
Other	100	(21)	(79)

These figures are derived from a very small base.

These breakdowns of the total number of people with current accounts are most informative and bear out the belief that there is a growing tendency for younger people to have cheque accounts for, if we disregard the youngest age group of 16-24 years, and take the next two groups covering the ages of 25-44, it is found that they account for 4,444,300, or 41.5 per cent, of the total of 10,700,000 account holders.

The analysis by Social Class is as to be expected. The only remarkable feature, perhaps, is that the percentage of the AB class is as low as 76 per cent, but this may be attributable to the fact that wives do not always have an account or the use of a joint account.

The Regional Analysis is of particular interest to savings bankers, for it is seen that in those areas where the Trustee Savings Banks are deeply rooted, namely Scotland, North and Midlands, the incidence of current accounts is much less than in the South where the majority of Trustee Savings Banks are of comparatively recent origin.

The last two analyses are also of interest as they reveal a tendency for monthly paid employees, who are usually paid by cheque or credit transfer, to possess current accounts. This, too, is understandable, for the convenience of a bank account when one is paid in this way can scarcely be gainsaid."

An informal discussion with an ICI (Wilton) officer during Autumn 1966, revealed that 55% of the ICI payroll at Wilton had elected to be paid by cheque/credit transfer. The officer concerned expressed no great surprise at this as he had not considered that there would be any serious resistance to the system on a socio-psychological level. Personnel were drawn from many parts of the country, and were responsive towards acceptable changes. They were employed in modern plant, within a distinctly modern environment. New entrants had the benefit of Induction Courses prior to technical training, which courses were designed toward a quick orientation of working with the Company.

In February, 1967, a very comparable informal discussion took place with a Works' Accountant of Dorman Long's in charge of both the newest works (Lackenby) and one of the oldest works (Warrenby - Redcar). The Warrenby works is probably scheduled for programmed closure. These works are in the same area geographically as Wilton ICI. The Lackenby Works (Eston area) houses the Computer Section for this giant company, and one of the Computer programming officers was involved in the discussion.

When the scheme for payment of wages by cheque was first made possible the Chief Accountant for the Company stated that a 5% response should be attained before permitting the scheme to materialise. Actually it was anticipated that the initial response would be about 3%. In practice it proved to be 5+ % with a fairly rapid rise to about the 8 % level.

An analysis of why there was this response was enlightening and these main points emerged:

- a) 80 % of those electing to be paid by cheque/credit transfer came from the newer works, which fact, in turn, tends to mean a younger age group. The average age in the newer plants is lower than in the older ones.
- b) Accentuating the above, the reason given for the lower age range is that the more modern works demand more modern technical skills and these impart a considerable measure of sophistication (see opening remarks re. ICI personnel).

- c) One of the Shop Stewards canvassed one complete section of Lackenby works on the grounds that the unions had pressed the firm for years to introduce this type of pay and that the personnel must respond.
- d) Personal reasons figured largely in the changeover:
- (i) pay being on a Friday those on a "sleeping shift" had to visit the Works (pay point) during their own "time-off" and this not only cut into their free time but might involve 2/6d 'bus fare in addition.
 - (ii) Yorkshire Bank appears to have a definite pull by some workers as - correctly or otherwise - they thought this commercial bank was less stringent on granting Personal Loans than were other commercial banks (at any rate before the Credit Squeeze). It was apparently considered that having wages paid in by cheque/credit transfer was conducive to making loans thereby.
 - (iii) There were others, in a significant number, who thought the whole thing a convenient and modern idea.

Notes

(1) Vol. XXXI. No. 8 Oct.1965. pp. 447-452

CHAPTER SEVEN.Money Management and Saving.

Definition; Money Management as an educational subject; Marshall's thoughts on the topic; J.R.Hick's theory of planned spending; the need to teach Money Management; Mr.Harold Wincott's views on saving; National Savings official policy towards the subject; trend towards early marriages and the impact on saving; Marriage Age statistics.

Money Management and Saving.

A statement on the subject of Money Management and Saving will clarify much of what is referred to throughout the study. It will focus the spot light on the notion of Thrift. Money Management definitely means purposeful budgeting, whilst Thrift is an abstract idea: one which might be considered by some to be an archaic moral attitude. Of course, the one does not deny the other, and what they have in common is an ill-defined frontier between mathematics and ethics. In its promotional work in schools, the National Savings Movement encourages the teaching of Money Management. This suggests (i) that there is a recognisable group of studies which may be so described; and, (ii) that certain educational institutions are able to usefully include "Money Management" within their syllabuses.⁽¹⁾

In spite of the importance of Money as a social institution, many people who have a sound knowledge of money are cold towards its ethical aspects. Consider this proposition, that, 'Money under control may be the gateway to adventure (personal pleasure, and so on), whilst money out of control is a certain way to distress (misery, displeasure, and so on). It would seem that the profligate is always with us: there are those who believe that smoking is harmful, yet smoke; others do not see that the speed limit applies to themselves personally. Obviously, some are ruthless in their disregard of the control of money.

A classical discourse.

The classical case is stated by Marshall in the "Principles",

who could do better ? (2) Working in a period when life was less complicated than it is now ("Principles of Economics" was published in 1890), Marshall groups together Saving, and what would best be treated as Investment. He discusses "security as a motive for saving". He makes a case that "the growth of a money economy gives new temptations to extravagance; but it has enabled people who have no faculty for business to reap the fruits of saving". He declares "the chief motive of saving is family affection", and for an accumulation of wealth, interest is its reward. "The higher the reward, the greater the rate of saving as a rule".

Another academic approach to the subject is made by J.R. Hicks in his "Value and Capital" (3): "The purpose of income calculations in practical affairs is to give people an indication of the amount which they can consume without impoverishing themselves. Following out this idea, it would seem that we ought to define a man's income as the maximum value which he can consume during a week, and still expect to be as well off at the end of the week as he was at the beginning. Thus, when a person saves, he plans to be better off in the future; when he lives beyond his income, he plans to be worse off. Remembering that the practical purpose of income is to serve as a guide for prudent conduct, I think it is fairly clear that this is what the central meaning must be". There is little with which one can disagree with this statement so long as one remembers that the operative word is "plans".

Taking up the Marshall theme again that the greater the reward, the probable greater flow of savings; one must ask what really is the proper end of the exercise ? Is it to increase the net volume of savings, and then programme these into the economy with National Savings earmarked for the public sector ? Is it, in the Hick's sense, to create an ever greater number of savers who are conditioned up to being prudent ? The effective thing would be to make the two co-incide at the right times. In a recent article in The Observer⁽⁴⁾, a look is taken at the pre-Budget situation in February, 1968: "The main problem facing the Chancellor in his Budget is to hold back spending by consumers over the next year or two. What he should remember is that he can deal with the problem even if our post-tax incomes do rise so long as we do not spend the increase". The argument favours more saving rather than more taxes. The writer in the article considers that raising the interest on National Savings, for example on the widely purchased National Savings Certificates, would tend to cause a shift of savings from other channels thus not adding to the volume of savings generally. "What, then, of the effect of a general upward movement of all interest rates ? Surely, one might think, this would make saving more attractive. Unfortunately, this does not necessarily follow. For example, if many people are saving to accumulate a fixed sum for retirement, they might save less when interest rates are higher because a given capital sum accumulates more rapidly over the years - there can be a kick-back effect, actually dis-

couraging saving". A very similar discourse appeared in an article in the Economist (5). The writer declares that the whole role of National Savings should be rethought. "The object of this Movement should not be to raise money for the Treasury, but to provide a medium for the smallest and least knowledgeable saver". It is, in fact, felt by many that Money Management training leads one, step by step, into the more complex and more sophisticated territories of investment.

When it was said above that it was a matter of timing when to stimulate activity towards creating a greater volume of savings, whilst keeping a kind of constant regard for every thing "prudent", this obviously has a Keynesian flavour. The case is well put in an address, reprinted (6), given during July, 1968 by Mr. Harold Wincott of the Financial Times. Mr. Wincott compares the contrasting positions of the savers from a personal angle in the 1930s with the position at the present time. In the address, mention was made of a conversation with a prominent Trade Union leader, on the topic of a possible Trade Union Unit Trust. This was dismissed: "Savings are happiness deferred. I can ask my members to defer the happiness until the next summer holiday or next Christmas but I cannot ask them to defer their happiness in perpetuity". This attitude is frequently seen in the development of schemes for saving at work, yet the short-term saving idea can be the first step to a major break-through.

The Marshall theme of saving for investment is well illustrated in an article (7). It is unfortunately the case that Marshall's

discourse still operates viciously in the real world with a dearth of savings.

"The problems facing the under-developed countries are therefore, primarily those of creating the opportunities for saving to provide money for investment, and of building up a pool of skill. However, due to the low incomes in these lands there is little left over for saving and although the governments can help to increase investment in a small way by taxation and by borrowing within their own countries, a substantial inflow of capital from abroad is needed in order to set the machinery of development in motion".

It is a matter of conjecture whether or not it is anyone's specific job to take a positive lead in encouraging the teaching of money management, but it can be definitely stated that the National Savings Movement has made this official policy. Its revised Constitution (8) reads: "To achieve the AIM by development and maintenance of a strong and vigorous organisation throughout England and Wales to encourage savings by investment in National Savings Securities and the Post Office and Trustee Savings Banks and to promote sound Money Management". In a document on the modernisation of the Movement which preceded the amended Constitution, the term "teaching" had appeared but this had been replaced by the idea of promoting the subject "wherever facilities for this can be provided". The broadening of this front was in keeping with the organisation of the National Savings Movement, as through its Street and Village savings work and its network of local committees many

informal ways of educating the public, using this term in its most liberal sense, occur. It is of more than ordinary interest that in one of the exploratory documents (9) the following report was made: "The Committee considered a suggestion that the Movement should, in some way, be linked with the National Economic Development Council and given responsibility for promoting savings generally viz: through Building Societies, Insurance etc., and not only through National Savings. This would bring personal savings more effectively into the sphere of economic planning. This proposed widening of the Movement's function was not pursued by the Committee which feels such a revolutionary change would have to be a matter for initiation by the Government. It is considered, however, that the Movement should associate itself with any savings target which may figure in economic plans for the future". Briefly, then, there had been a big change of thought and action from promoting an abstract idea of thrift combined with selling a narrow range of securities to a general field of activity wherein one can see the virtues of planned spending as well as saving. Is this really new ? Is it not the case that this was all said before by Marshall in 1890 ?

In consequence, the Movement's officers, both official staff and its voluntary workers, have striven with some purpose to carry out the policy as stated. It is, of course, impossible to say how direct their influence has been, but certain of the objects have been attained notwithstanding. The Money Management range

of subjects has appeared in some of the syllabuses for the Certificate of Secondary Education mainly in Housecraft, with some in Mathematics, Commerce, and Religious Instruction (this latter under the general heading of Stewardship of Time, Money and Talents). The subject falls readily into the general range of Liberal Studies in Technical Colleges/Further Education syllabuses. Some Colleges of Education have studied the possible places for it in schools' curricula. More directly, within the areas under review in this treatise ready co-operation between the Heads of Secondary Schools and the National Savings Movement locally both in the use of Money Management publications and in the organising of short conferences for school-leavers. Some local industries have programmed the topic in their Induction and Apprentices' courses.

Having described progress so far, it would be easy to overstate the case: the subject is not a new one. Generations of educationists have dealt with it systematically. Thrift institutions have promoted the subject from time immemorial: the banks, the Trustee Savings Banks, the Post Office Savings Bank, Housing Societies, Insurance companies have their roots in what may be generally termed Thrift. What is new, is merely a modern approach to a very big problem precipitated by dynamic situations within recent years for example, Hire Purchase, Credit Purchase, tendency towards early marriage, high costs for housing, powerful advertising techniques, the acceptance of gambling and so on. Thrift is still a perfectly sound term, but it would seem desirable to regard the spending/saving

Processes more specifically. In short, the Money Management theme would encompass an appreciation of all the money institutions encroaching on everyday life, and disciplined control over personal budgeting.

Marriage ages:

The significance of marriage at an early age, and the physical ability to accumulate Savings is self evident. That is to say the time factor is self evident, but the following considerations must be taken together in a socio-economic sense:

- i) Is there a real lowering of ages for what is generally described as maturity and, if so, is this equally distributed between the girls and boys ?
- ii) The higher school-leaving ages.
- iii) The proportion of 'less able' young people as described in the Newsom Report.
- iv) The enormous real increase in the price of home-making.
- v) Highly organised sales techniques said to be concentrating on the lower age groups.

The following is a generalisation ⁽¹⁰⁾ in 1963.

Mean Ages at Marriage years 1901-1963

Bachelors (with Spinsters)

1901 = 26.62 years. (Then mean age rising to 27.42 and remaining over 27 to about 1940) lowering to 24.85 in 1963.

Spinsters (with Bachelors)

1901 = 24.88 years. (Then mean age rising to 25.27 years in 1911-1915 period) lowering to 22.17 years in 1963.

Consider the statistics overleaf:

Total no. of solemnized marriages in 1963 - 351,329.

How the partners paired off:-

<u>ALL BRIDEGROOMS</u>	)	Bachelors	=	311,163
351,329	)	Widowers	=	18,751
	)	Divorced Men	=	21,415
<u>BACHELORS</u>	)	Who Spinsters	=	295,460
311,163	)	marr- Widows	=	4,708
	)	ied Divorced Women	=	10,995
<u>WIDOWERS</u>	)	Who Spinsters	=	6,789
18,751	)	marr- Widows	=	8,973
	)	ied Divorced Women	=	2,989
<u>DIVORCED MEN</u>	)	Who Spinsters	=	12,661
21,415	)	marr- Widows	=	2,600
	)	ied Divorced Women	=	6,154

MARRYING AGES - MEN derived from above source, as stated.

16-19 i.e. Under 20	=	24,722	)	<u>Of the first three groups</u>
20-24 " " 25	=	165,550	)	<u>ages last birthday:</u>
25-29 " " 30	=	81,496	)	16 = 456
30-34 " " 35	=	27,938	)	17 = 2,218
35-39 " " 40	=	14,360	)	18 = 7,117
40-44 " " 45	=	9,521	)	19 = 14,931
45-49 " " 50	=	6,611	)	20 = 24,703
50-54 " " 55	=	5,961	)	21 = 38,036
55-59 " " 60	=	4,990	)	22 = 36,149
60-64 " " 65	=	4,140	)	23 = 35,360
65-69 " " 70	=	2,932	)	24 = 31,392
70-74 " " 75	=	1,903	)	25 = 25,765
75-79 " " 80	=	897	)	26 = 19,528
80-84 " " 85	=	261	)	27 = 15,135
85-89 " " 90	=	41	)	28 = 11,767
90 Years and over	=	6	)	29 = 9,303

Compare the corresponding pairing off and distribution of ages etc.,

for the Women. This starts, of course, with the same number of

BRIDES namely, 351,329.

<u>ALL BRIDES</u>	)	Spinsters	=	314,910
351,829	)	Widows	=	16,281
	)	Divorced Women	=	20,138
<u>SPINSTERS</u>	)	Who Bachelors	=	295,460
314,910	)	marr-Widowers	=	6,789
	)	ied Divorced Men	=	12,661
<u>WIDOWS</u>	)	Who Bachelors	=	4,708
16,281	)	marr-Widowers	=	8,973
	)	ied Divorced Men	=	2,600
<u>DIVORCED WOMEN</u>	)	Who Bachelors	=	10,995
20,138	)	marr-Widowers	=	2,989
	)	ied Divorced Men	=	6,154

MARRYING AGES - WOMEN derived from above source, as stated.

16-19	i.e. Under 20	= 96,150	)	<u>Of the first three groups</u>
20-24	" " 25	= 160,620	)	<u>ages last birthday:</u>
25-29	" " 30	= 39,398	)	16 = 7,392
30-34	" " 35	= 15,885	)	17 = 15,128
35-39	" " 40	= 9,905	)	18 = 29,969
40-44	" " 45	= 8,082	)	19 = 43,661
45-49	" " 50	= 6,187	)	20 = 45,969
50-54	" " 55	= 5,272	)	21 = 45,072
55-59	" " 60	= 3,709	)	22 = 29,869
60-64	" " 65	= 3,023	)	23 = 22,641
65-69	" " 70	= 1,930	)	24 = 17,075
70-74	" " 75	= 858	)	25 = 12,594
75-79	" " 80	= 252	)	26 = 9,240
80-84	" " 85	= 44	)	27 = 7,175
85-89	" " 90	= 7	)	28 = 5,637
90 Years and over	=	1	)	29 = 4,752

Observations: Considering the 1963 statistics and with reference again to the mean ages of marriage (above):- Women 28.17 years: Men 24.85 years: it will be seen that (i) significantly more than half of all marriages for women fall under the 21 years of age level: and for men below the 24 years of age level. With these figures in mind, there is a strong case for including Money Management as a subject in educational courses as there is little or no time between full time education of one kind or another and the days of home making. Many students marry whilst still receiving grants.

An address by D.R. Davidson, O.B.E.,⁽¹¹⁾ "The Young Worker as Producer and Consumer", included in the Appendices is closely linked with this discourse.

Notes:

1. Certificate of Secondary Education syllabuses have shown a general regard to include the Money Management theme in Mathematics, Commerce, Housecraft and Religious Knowledge.
2. Marshall "Principles of Economics" Book IV chapter VII.
3. J.R. Hicks "Value and Capital" Chapter XIV para. 2.
4. "Saving our Bacon" Observer article
5. "The Savings Gimmick" - Economist - 6th July, 1968.
6. Address by Harold Wincott, See Appendix.
7. Problem of the underdeveloped Countries - Monthly Bulletin of Statistics and Economic Information. No.3. Fourteenth Year. November, 1961.
8. National Savings Movement, revised Constitution amended to 13th, January, 1966, Section 1(a).
9. Report on the Modernisation of the National Savings Movement July, 1965, Section A(c).
10. Registrar General's Statistical review of England and Wales for the year 1963 (Pt.II Tables and Population)pp.60.
11. "The Young Worker as Producer and Consumer", reprinted and included in the Appendix.

CHAPTER EIGHT.

Unit Trusts.

Definition; Board of Trade control; reasons why there is no State Unit Trust; TSB Unit Trust; advent of Contractual Savings scheme.

Unit Trusts

Throughout the period 1956 to 1966, the decade mainly under consideration in this dissertation, there have been rapid developments in all the main kinds of Unit Trusts. Unit Trusts have grown into a significant factor in the Savings/Investment world. Reviewing the financial journals, one gets the impression that more has been written on this topic recently than any other, yet, unfortunately, there is no break-down of figures to allow us to make a comparative study in the two districts. All we know is that the average holdings have become smaller over the years which is another way of saying that investment in Unit Trusts have become more popular with a growing number of 'small' savers.

Reference is first made to (i) Directory of Unit Trusts 1967, and (ii) an article in the Investors' Chronicle. Comments will be made on why it proved to be inexpedient to create a National Unit Trust, and upon the Unit Trust launched by the Trustee Banks.

The Unit Trust Movement is one of collective investment in ordinary shares, which, through skilful management under stringent supervision of the Board of Trade, aims at growth over the long term. To quote the Directory of Unit Trusts 1967; "Unit Trusts are co-operative ventures in investment. They provide convenient and practical facilities for an investor to pool his capital, be it large or small, with the savings of like-minded investors, and for the combined sum of money to be invested in carefully selected

stocks and shares of a number of companies drawn from different sections of industry and trade. The investment is undertaken and supervised for a fee by professional managers in accordance with the provisions of a Trust Deed.

According to the size of his contribution each investor has a fractional interest in the securities in which the monies of the trust fund are invested. In general, twice a year, after deduction of a small management fee for operating the Trust, the net dividends from the securities in which the trust fund is invested are paid to all contributors to the fund in proportion (1) to the size of their holdings."

We now look at the progress of the Unit Trusts: the 1967 Directory lists 105, but the number is increasing. An article in the business section of a local paper (Gazette, 1 June 1967) estimated that about one million people in Britain had a holding, collectively, of nearly £657 millions with an average holding of £394. ".....so that the movement is clearly geared to the needs of the investor who does not have much money. An article in The Investors' Chronicle (2) traces the historic development of the Unit Trusts back to 1931. It states that there was a small rate of growth up to the war at about £10 millions a year. This article, too, dwells on the theme that the type of the investor

has radically changed. It might be noted that £394 would seem an immense sum to countless numbers of National Savers. To quote the article in the Chronicle: "Pre-war Unit Trust holders were described in a contemporary journal as coming from the 'comfortable middle class'. The average unit holding in 1939 was about £450. If, as has been estimated, each holder had an investment in two different trusts on average, the unit trust investor held units to the value of about £900. This represented considerable wealth and suggested that the average unit holder was a person of substance differing from the average equity investor of his day only in the chosen method of investment. The implication is that money invested in unit trusts in the 'thirties would have found its way into quoted equities even if unit trusts had not existed. Judging from the size of the post-war average holding and the average value of each application to block offer unit trust advertisements over the last five years, it would appear that the unit trust field no longer appeals to the same type of investor. Comments rather similar follow in this article to those made in the local paper, quoted above, and then continues, "Owing partly to the effect of taxation and the consequent levelling of incomes, industry can no longer automatically look to a hoard of accumulated wealth concentrated in a few hands for the finance it needs for development. It has to rely on attracting multiple savings which exist in hundreds of thousands

of small pockets. More and more it is competing with government and quasi official agencies for small savings". There is, of course, the competition but the ends differ: the one directed to the private sector and the other to the public one.

During the last three years (i.e. since 1965), the National Savings Movement has given much consideration to the idea of a national unit trust or alternatively a form of bond linked to the Cost-of-Living indices. Such appeared to have a special appeal to the voluntary side of the Movement judging by the numbers of resolutions formulated. The idea has proved impracticable. On the one hand, funds would have been vast and might well have completely dominated the ordinary share market, and, on the other hand, might have started a major switch of one kind of National Savings into another without attracting a significant proportion of new money. The principle of guaranteeing £ for £ repayment would also have had to be abandoned. Nevertheless the Trustee Savings Banks have been permitted to create a TSB Unit Trust, and the National Savings Movement is studying the possibility of Contractual Saving methods. With regard to the TSB Unit Trust, which is of the capital appreciation type in its aims (launched 11 January, 1968), it is interesting to note in the booklet "A Trustee Savings Bank Investment Service", a paragraph on Priorities in Personal Finance. The general principles laid down for sound financial family affairs reads:- ".....First, a

substantial balance should be kept in cash in some absolutely safe and convenient formthis is a reserve against emergencies. Secondly, the financial strain which could overtake the family in the event of premature death should be covered by life assurance. Then, any further capital, or the balance of savings out of income, should be put to profitable investment with the possibility of growth and protection against inflation. This is where the TSB Unit Trust comes in, and the life assurance requirements can also be covered through the Life Assurance Scheme linked to TSB. units". A word of caution then follows that the units are suitable only for long-term, that they may go down as well as up, that there is no Government guarantee.....etc..

With regard to the idea of index-linked securities, the policy of the Government was explained by the Chancellor on 19th. March, 1968, ⁽³⁾. He felt that the obstacle was insurmountable, and, that it would be difficult to single out one form of Government security for such special treatment. There would be repercussions on the whole of the gilt-edge market, "and we might end up with some desirable growth in savings, but with the cost of Government borrowing more than proportionately increased. Equally a tax concession could not be applied only to those who were making genuine new savings. It would of course be most valuable to those with the heaviest tax liabilities....."

It is a matter of conjecture as to how the public would react if they held index-linked bonds when the standard of living was falling. Mr. Harold Lever, Financial Secretary to the Treasury gave the number of occasions since 1945 when such conditions prevailed. (4) He said, "Changes in the standard of living can be measured either by changes in the purchasing power of personable disposable income per head of the population or by changes in consumers' expenditure at constant prices per head. Between 1947 and 1948 both measures showed a fall by 2.7 per cent in disposable income and by 1.2 per cent in expenditure. Between 1950 and 1951 both measures showed a fall of 1.4 per cent. Between 1951 and 1952 the expenditure measure showed a fall of 0.8 per cent, but disposable income rose by 1.1 per cent. Between 1961 and 1962 disposable income dropped slightly by 0.3 per cent but expenditure rose by 1.1 per cent".

To continue to quote the same article, "...it is illuminating to compare this information with the record of National Savings figures. One finds a predictable connection. It would appear from this crude comparison, unqualified by time lags, competitiveness of securities or the 1949 devaluation, (notwithstanding the contrary experience in 1951/2), that when the disposable personal income measure of the standard of living falls there is a tendency for gross receipts of National Savings to fall as well. When the fall of income is associated with a less than proportionate fall, or an

increase in the measure of expenditure, the net receipts of national savings tend to fall dramatically".

National Savings

<u>Fiscal Year</u> <u>Ending</u> <u>31st March</u>	<u>Receipts</u>	<u>Repayments</u>	<u>£mn</u> <u>Net Change</u>
1947	1143.9	796.1	347.8
1948	975.6	805.7	169.9
1949	818.4	788.5	29.9
1950	774.4	874.0	- 72.6
1951	821.0	910.8	- 89.8
1952	930.9	1019.6	- 88.7
1953	982.7	1102.2	- 119.5
1954 to 1960	not quoted		
1961	1882.4	1637.4	245.0
1962	1859.1	1776.1	83.0
1963	1996.2	1808.8	187.4

Prior to the launching of the TSB Unit Trust, the Trustee Savings Bank Association was, of course, formulating its policy. This was outlined in a short article in the Monthly Bulletin of Statistics and Economic Information, May 1967. "... it (the proposed TSB Trust) is expected to yield a somewhat lower return than the Special Investment Department and be of the capital appreciation type..... The aim is to enable the saver, with adequate current reserves to provide for a long term hedge against inflation". One of the T.S.B.A. spokesmen said, "It is their last £100 we are after, not their first". It is interesting to note that, in the two areas with which we are mainly concerned, the York County Savings Bank which serves these areas has not promoted sales of the TSB Unit Trust. It seems to be the only Trustee Bank which has not done so. There are 77 independent Savings Banks in the Trustee Savings Bank Movement, with about ten million

customers making their deposits through about 1400 branches.

NOTES

- (1) Directory of Unit Trusts, 1967, p.p. 10 para 3.

"Unit Trusts vary as to detail but the general principles behind all of them are as follows:-

Through his subscription to the Trust Fund each subscriber acquires a fractional interest in the block of securities in which the fund is invested, while the dividends received from the investments for the income for the Trust. The net income is paid to all investors in the Trust Fund in proportion to the size of their holdings.

The primary functions of the Trustee are to ensure that the terms of the Trust Deed are observed, to act as custodian of the capital and income of the trust, to hold in its name the securities in which money subscribed by the public to the Trust Fund has been invested by the Managers, and to take responsibility for the register of unit holders.

The Manager is responsible financially and otherwise for the administration of the Unit Trust, for calculating the unit offered and bid price, for preparing income distributions, for managing the investment portfolio of the Trust Fund, and for maintaining a market in the units of the Trust including the responsibility for re-purchasing any units which holders wish to realise."

Thereafter follows the permitted charges, and an outline of the stringent regulations under the vigilance of the Board of Trade.

- (2) Investors' Chronicle, 9 October, 1964.

(3) Monthly Bulletin of Statistics and Economic Information, April 1968.

(4) Quoting the same article as (3) above.

CHAPTER NINE.

The Working Men's Clubs - Minor Field Study.

Minor field study with major possibilities; outline and grouping of the clubs in NRN and NRW; club development reflecting opulence; clubs as big business; changing character of clubs; successors to the Music Hall; ladies' evenings in the clubs; opportunities for spending.

The Working Men's Clubs : Minor Field Study

This field study is described as a minor one, but it was felt desirable to include this topic in the dissertation for several reasons. First, the licensed clubs are very obviously in evidence in the area under review; secondly, during the period under consideration they have passed through a phenomenal growth in membership and in standards; thirdly, they have undoubtedly become "big business" in local economic development. A brief review of this development can be considered as a measuring rod of opulence linked with that class of saver which forms the majority in the Savings-at-Work schemes. A certain amount of correspondence was entered into with regard to this field study, but this yielded practically no useful information. In fact, it was in some cases ignored, in some vague, and in the rest evasive. Club life, along with the development of night clubs, bingo halls, and other closely associated affairs in the area would collectively make a major socio-economic study on their own account.

The scope of such a project would lie outside the range of this dissertation.

The starting point is a general review of Clubs made by one of
(1)
the local newspapers in the Northern Echo.

Fundamentally the following three statements may be considered:

- (1) In the area from Billingham to Saltburn there are approximately 190 "social" clubs. (Below, this number is sub-divided according to type, and related to the two Districts more exactly)
- Of these 190, the smallest membership is about 200, and the highest, namely the ICI-sponsored Synthonia Club has 12,000

There are clubs which may be strictly classified as Night Clubs, but these are not great in number, and the investigators selected eight principal ones (referred to as "The Big Eight").

- (2) Estimated annual turn-over, collectively, was £10mn., with £1mn. of this derived from the night clubs, and £9mn., from the social clubs. The line of demarcation between the two types is easily drawn, as "gaming clubs find few friends among the officials of the social clubs". To quote: the Club and Institute Union, "would probably expel a social club running roulette". Many of the Teesside's clubs are affiliated to the CIU, and that involves an undertaking to observe about 500 rules which are meant to be observed strictly.
- (3) Raising capital for club improvement. According to the article, loans to clubs are readily forthcoming from the breweries providing that the bars "are tied to their beer". "Vaux is leading the club beer field on Teesside". The article also states that the Federation Brewery has advanced £6mn., for new N.E. social clubs. The Federation Brewery is described as a kind of clubman's "Co-op", but surprise is expressed in so much as few of the clubs take Federation beer.

The conventional impression of club life in the Working Men's clubs is beer drinking. That remains. What is new, in recent development is the market for entertainment of the music hall type. Even a casual observer would place the mass of social club activity as being big business. A thorough-going enquiry might well show that it far exceeds in scale, the old Music Hall at its peak. The other characteristic of

club life, which might well be linked with its development, is the introduction of two or three "ladies' nights" per week. This makes the idea of general club survey even more attractive to the sociologist, as this mixed patronage in the clubs does not mean they are family affairs, as coffee bars, soft drinks, and the pop market dominate the youth market, whereas, as the article states, "hard cash for hard liquor - whether it is a night club or social club is the bread and butter of its business".

Types of Clubs in the two Districts of the North Riding North and the North Riding West. The Classified Telephone Book, March, 1965, was consulted for this break-down. The North Riding North District is given, but only the main three centres of the North Riding West were available, namely, Richmond, Thirsk, and Northallerton. The categories chosen are:- Political Clubs; Social and General; Sports Clubs; and, Works' Social Clubs. One hundred and seventeen clubs were counted in this way: 102 in NRN, and 15 in NRW.

<u>District.</u>	<u>Political.</u>	<u>Social and General.</u>	<u>Sports.</u>	<u>Works' Clubs.</u>	
<u>NRW.</u>	1	8	4	2	= 15
<u>NRN.</u>	7	65	24	6	= 102

With the exception of about seventeen, of which there was too little information, all the clubs were thought to be licensed premises.

The licensed club life and the big business so associated is not to be confused with the vast net-work of clubs, associations and societies, which, in infinite variety, form the social fabric of both urban and rural life. Some typical club development was brought into focus by a

further series of articles on Working Men's Clubs in the Northern Echo, and also the Darlington and Stockton Times. A small club in the rural area of Middleton-in-Teesdale, spent £22,000 in modernising its premises in 1966. This involved a loan of £13,000, which mortgage appears to have been reduced to £6,000 in less than two years. A club in York (Tramways Club) which commenced as a mess-hut 50 years ago, and which functioned in typical old style ways until 1964, was rebuilt at a cost of well over £50,000. A club in Croft, a large village on the boundary of the rural NRW district, has a membership of 1,000, and carried out major extensions in 1961, and now is about to develop a 22 acre site. A typical club in Co. Durham, reported upon (Silkworth) has a 12,000 membership and has extended £20,000 on premises conversions in 1968. A club in Newton Aycliffe is involved in club development of a scheme commenced in 1959 which, in nine years, had demanded almost £80,000. The small town of Bishop Auckland has created a £72,000 club. In the NRN district town of Saltburn, there are seven clubs, which is a great concentration for a population of 6,000. In Northallerton in NRW district a £25,000 club opened in 1967. In the heart of the NRN area, where club premises in Grangetown and South Bank reach a peak of concentration, an official was interviewed with a view to ascertaining the weekly takings. The club premises had been rebuilt in very recent years. They offered a measure of comfort which was not combined with good taste, but had an annual turn-over of £82,000. It was anticipated that in the 1967 Christmas week the bar takings would exceed £5,000. Weekly takings of £1,550 appeared to be on a scale which was gradually rising over the two years, and was, in

effect an average from £1,300 to £1,700. Entertainment of the Music Hall type was started each Tuesday, and on this evening, along with three other evenings per week, which had less expensive kinds of entertainment such as Bingo, the premises were open to women. This was almost an invasion of what was formerly a man's stronghold.

Practical use was made of this new situation during a recent National Savings drive for membership. The promotional effort was primarily on a theme of Saving at Work but due to the attendance of the women at the clubs, a more general appeal was possible on the lines of saving for the family. The clubs' committees showed a high degree of co-operation.

Notes:

- (1) Northern Echo, reference articles in the editions
17th/18th November, 1966.

CHAPTER TEN.

General Distribution of Money and Near-Money.

Official policy to increase competition in banking business; reproduced diagrams :-
(i) percentages of assets of money and near-money, (ii) growth rates of such funds compared with GNP..

General Distribution of Money and Near-Money:

In the Chapter on Motivation of Savings, the high degree of competition for savings was obvious, and it is of significance to see that the National Board for Prices and Incomes,⁽¹⁾ proposes a greater, or at any rate, freer degree of competition between financial institutions. The report refers in particular to the 'endowment' problem, which it finds undesirable: this arises in part from the conventions and practices of the banks and the convention by which they agree between themselves on the rate of interest to be paid, or not to be paid, on deposits lodged with them. It is said that this leads to a loss in attracting deposits, with a consequent loss of diversification in the banks' lending activities. The report declared that the banks were led into a position wherein they were unable to secure to a sufficient extent the economies of scale which could follow on such an extension — in short, to a loss in their relative place in the entire financial system. In the view of the report, a recovery of place for the banks required a greater degree of competition between the banks themselves for deposits and therefore, between the banks as a whole and other financial institutions. The report made recommendations as to how the 'endowment' element could be mitigated and added that even though the changes proposed were undertaken and should, in spite of the changes the 'endowment' problem persisted then, after a suitable interval the problem should be reviewed. In short the endowment system must be eliminated as soon as possible.

The report reiterated that Bank profits were derived from two

elements: the bank's own efficiency in the broadest sense, and an 'endowment' element in profits resulting from public policy as expressed in the level of Bank Rate. Reference may be made to the diagram⁽¹⁾ which takes into account numerous sources of very competitive money institutions. The age-old balance between complete security and the risk element is in evidence here. The latter is usually associated with higher rewards. In the former group, neither National Savings Certificates nor Premium Savings Bonds, which can be repaid in a short period, were, in terms of the report, described as 'near money'. Building Societies are not universally accepted by the small savers, as being completely secure, although those grouped within the Building Societies Association can leave little doubt as to the existent of stringent control.⁽²⁾

The report indicates that there is no hard-and-fast means for determining which financial instruments should be regarded as 'near money' and which should not. There is no firm dividing line drawn between 'money' and 'near money'. The definition employed in official statistics of the supply of money refers to cash, net deposits with domestic banks and deposits with Accepting Houses, Overseas Banks and the Discount Market. In Chart 2-A⁽¹⁾ the relative volume of these components of the money supply is shown in comparison with the volume of selected 'near money' assets held in 1965. The selection refers to holdings by United Kingdom residents of the deposit-like liabilities of a number of financial institutions. These liabilities are, of course, assets

from the point of those who hold them. Whilst the figures of the public's holding of near money assets shown in Chart 2-A refer only to the liabilities of financial institutions, it should not be overlooked that for individual investors Local Authority short-term debt is a highly liquid asset to hold and this is a good substitute for bank deposits. At the end of 1965 the volume of Local Authority debt at notice of 12 months or less approached £1,800m. and had doubled in the space of four years. At the same time most of the debt was at the very shortest period of notice, some 70 per cent at periods up to 7 days.

In recent years, the rate of growth of bank deposits has fallen below that of the Gross National Product and below the rate of increase of most of these closely competitive alternatives. Some indication of this is given in Chart 2-B.⁽¹⁾

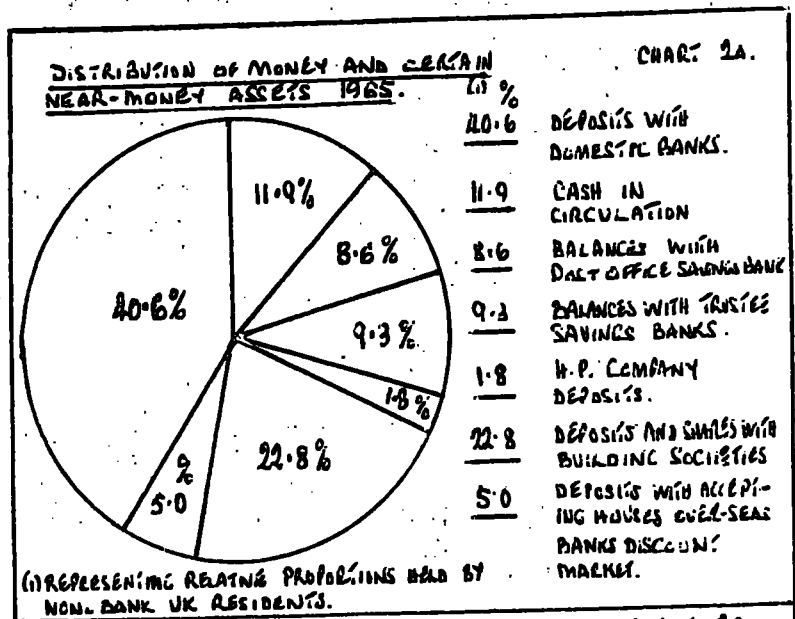
Notes:

(1) Prices and Incomes Board, Report No.34 (Cmmd.3292),

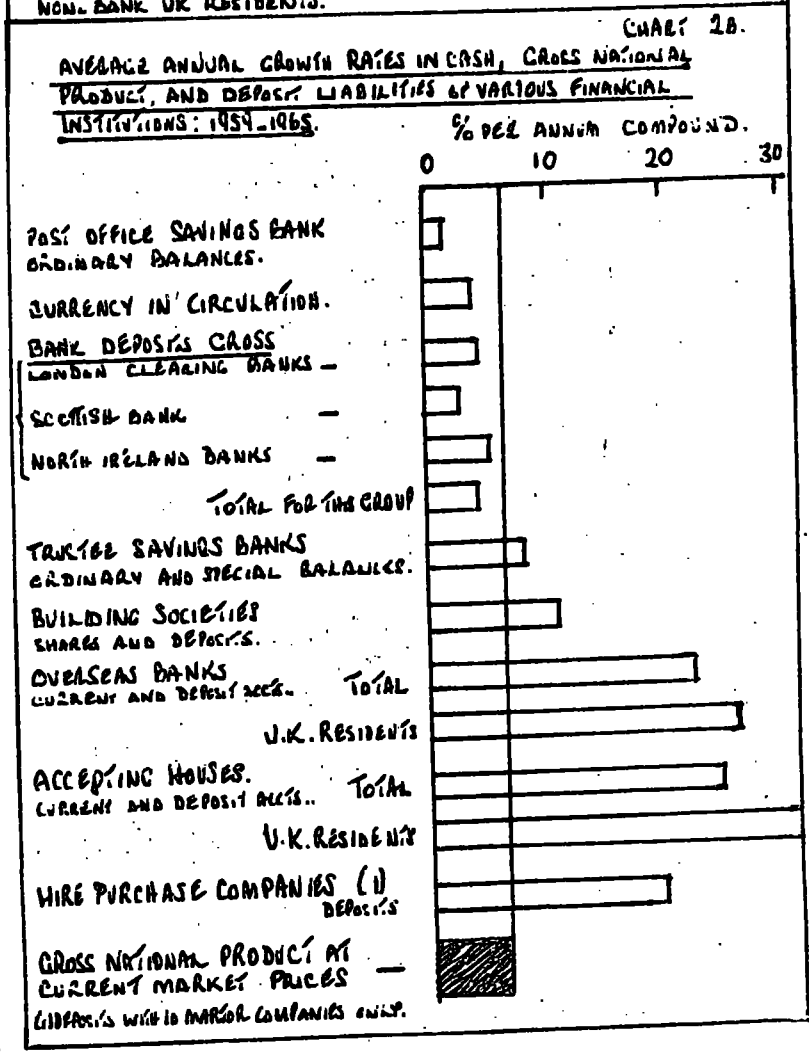
"Bank Charges".

See diagram below.

Diagram,
Ref.
Monthly
Bulletin of
Statistics
and
Economic
Information.
June, 1967.



Note(1).



NOTE (2)

Ref: pp.527 Building Societies Year Book 1966
(official Handbook of B.S.A.)

Bank Rate Rates of interest recommended by the Council of
the Building Societies Association.

<u>Date of Change</u>	<u>Rate</u>	<u>Date of Recommendation</u>	<u>Ord. Shares</u>	<u>Personal Deposits</u>	<u>New Mortgages</u>
	%		%		%
27th Jan. 1955	3 $\frac{1}{2}$	July 1955	3	2 $\frac{1}{2}$	5
25th Feb. 1955	4 $\frac{1}{2}$	Nov. 1955	-	-	5 $\frac{1}{2}$
16th Feb. 1956	5 $\frac{1}{2}$	Apr. 1956	-	-	5 $\frac{1}{2}$
		July 1956	3 $\frac{1}{2}$	3	(May 1956) 6
			(Oct. 1956)	(Oct. 1956)	
7th Feb. 1957	5				
19th Feb. 1957	7				
20th Mar. 1958	6				
22nd May 1958	5 $\frac{1}{2}$				
19th June 1958	5				
14th Aug. 1958	4 $\frac{1}{2}$				
20th Nov. 1958	4	May 1959	3 $\frac{1}{2}$	-	5 $\frac{1}{2}$
			(July 1959)		(July 1959)
21st Jan. 1960	5	May 1960	3 $\frac{1}{2}$		6
23rd June 1960	6	July 1960	-	3 $\frac{1}{2}$	-
				(Aug. 1960)	
27th Oct. 1960	5 $\frac{1}{2}$				
8th Dec. 1960					
25th July 1961	7	May 1961	3 $\frac{3}{4}$		6 $\frac{1}{2}$
			(Oct. 1961)		
5th Oct. 1961	6 $\frac{1}{2}$	July 1961	-		
2nd Nov. 1961	6		3 $\frac{1}{2}$		
			(Oct. 1961)		
8th Mar. 1962	5 $\frac{1}{2}$				
22nd Mar. 1962	5				
26th Apr. 1962	4 $\frac{1}{2}$				
3rd Jan. 1963	4	Jan. 1963	3 $\frac{1}{2}$	3 $\frac{1}{2}$	6
			(Apr. 1963)	(Apr. 1963)	(Feb. 1963)
27th Feb. 1964	5				
23rd Nov. 1964	7	Jan. 1965	3 $\frac{3}{4}$	3 $\frac{1}{2}$	6 $\frac{3}{4}$
			(Feb. 1965)	(Feb. 1965)	(Feb. 1965)
3rd June 1965	6	June 1965	4	3	
			(July 1965)	(July 1965)	
14th July 1966	7	May 1966	-	-	7 $\frac{1}{2}$
		Jan. 1967	4 $\frac{1}{2}$	4	-*

*change subsequent to above Ref.

Ref: pp.529
B.S. Ass.

Taxation

<u>Fiscal Year</u>	<u>Standard Rate</u>	<u>Composite Rate</u>
	s. d.	s. d.
1955-6	8. 6.	4.10.
1956-7	8. 6.	5. 4.
1957-8	8. 6.	5. 6.
1958-9	8. 6.	5. 7.
1959-60	7. 9.	5. 1 $\frac{1}{2}$.
1960-1	7. 9.	5. 4.
1961-2	7. 9.	5. 5.
1962-3	7. 9.	5. 5.
1963-4	7. 9.	5. 5.
1964-5	7. 9.	5.10.
1965-6	8. 3.	6. 2.
1966-7	8. 3.	6. 3.

Subsequent changes in Bank Rate

26th Jan.1967	6 $\frac{1}{2}$
16th Mar.1967	6
4th May,1967	5 $\frac{1}{2}$
19th Oct.1967	6
9th Nov.1967	6 $\frac{1}{2}$
18th Nov.1967	8%
* 21st Mar.1968	7 $\frac{1}{2}$

*Mr. Roy Jenkins first Budget occurred on 19th March, 1968.

CHAPTER ELEVEN.

Observations on the Techniques of Selling Savings.

Several Securities with unique aspects; creating special occasions for promoting sales; National Savings approach is unique; methods in W.Germany, and in Sweden.

Observations on the techniques of Selling Savings:

The obscure world of money readily accepts that "Saving" is a saleable commodity as it appears in its several forms of Securities. There is some peculiar (unique) aspect to each of the securities and these points of difference are frequently played upon as selling features. These general remarks however, refer back to the chapter "Money Management and Saving".

As all money transactions find a rapid level, the factors which determine their ebbs and flows are, of course, the orthodox ones of security, liquidity, and profitability, duly blended. Having said that, there is an underlying psychological appeal to the potential buyers. The family figures largely, education for the youngsters, provision for the future (including retirement) and a ready ethical acceptance of thrift in an abstract form. The direction of these appeals is largely determined by the product which is being sold. Insurance and Housing Societies have at one and the same time a common ground and a specialised one. There is a limited opportunity for thrift institutions to associate their selling techniques with local environments, for example, Trustee Savings Bank advertisements in the local press; the National Savings Committee involved in special promotional work in specific districts or for special reasons, and so on. In any case, there is no doubt that the over-riding position is one wherein success breeds success and one where it is highly desirable that an air of well-being pervades the whole scene.

It is of no ordinary interest to note how a sales drive can be

intensified by declaring that a special week exists or, a Thrift Day, and so on, is taking place. This technique is universally adopted. The National Savings Movement works from an unusual position in its approaches as it is unique in itself if one considers that a small Official Staff of Civil Servants works closely with a very large number of voluntary workers and voluntary agencies. There is no need to stress the usefulness of this situation providing that due allowances are made for the working out of the democratic processes. This organisation is adequately described in official literature, it would be superfluous to enlarge upon it. The organisation has developed promotional techniques some of which are colourful events written into the history of two world wars. The Post Office Savings Bank and the Trustee Savings Banks are classified as partners with the National Savings Committee as the National Savings Movement. The origins of the banks date to earlier times than 1916 which date marked the foundation of the National Savings Committee. The Post Office Savings Bank and the Trustee Savings Banks thereby, have the benefit of being promoted by the Movement in addition to their own promotional departments.

Two relevant articles published in the Trustee Savings Bank Gazette impart strength to the universal aspect of the problem of selling Saving.

(1). An article by Klaus Plukebaum, Editor and Departmental Manager, Deutscher Sparkassenverlag "Wenn's um Geld geht Sparkasse" (When it's a matter of money - Savings Bank!").⁽¹⁾ The article traces

how modern systematic advertising of savings banks began in Germany in the 1923/24 period in order to overcome the post Great War economic depression. It is illuminating to know of the early history of German Savings Banks dating from as far back as 1850 (1833 even in Bremen), numbering at least 1200. The extent of their business interests co-incided with the business interests of their several Boards of Trustees. They operated independently but at an early date were loosely associated through "The Founder"s Charter" a means of publicising, particularly "amongst the lower social classes", the idea of savings and savings banks. The move towards a concerted communal promotional effort, arising from a conference in Stuttgart during 1924 was the first attempt to focus the advertising interests of all savings banks in one direction.

There was already a sound technical pre-requisite to this move forming an association, as the Giro System had existed since 1909. From the early beginning of that system, which had been the innovation of a Dr. Johannes Christian Eberle, within the Kingdom of Saxony, it is estimated that the savings banks in the Federal Republic today (number about 863) have 10 million Giro accounts. To quote the article the basis was laid "for the popular moneyless payments and transactions in Germany. The monetary credit from the Giro system accrued above all to the indigenous middle-classes and contributed enormously to their prosperity".

Following closely on the 1924 moves, the first International Savings Banks Congress was held, from which emerged the idea of a

World Thrift Day (1925). This was typical of what was mentioned above, as the phenomenon of creating a special occasion as a means to stimulating the promotion of an object. The idea was successful and continued to flourish until overshadowed by the 1933-45 period which drained the theme of its "international" character due to State interference. Nevertheless, it was estimated that the savings outlay per head of the population had increased sharply (estimated at DM 174 by 1932). During 1935 a further step was taken in Germany by the Union of German Savings and Giro Banks by the founding of a company to deal with publicity namely the Deutsch Sparkassenverlag, which associated itself with the Savings Banks advertising Service ("Der Sparkassen-Werbedienst"). The scale of items and function of this company has grown over the years and today it produces not only advertising media for the banks individually and collectively but bank stationery in great variety "professional literature which is required for the education and instruction of the savings bank employees professional journals " etc., cheques, money transfer orders and so on.

The writer points out the tendency towards very keen competition in the "credit businesses" within the Federal Republic in the post Second World War period. The German Savings Banks, according to Mr. Plukebaum, command about 60 per cent of the savings outlay ... and with Giro centres 34 per cent of the total Giro outlay which is about 49.5 per cent of the total outlay with credit institutes.

It is a feature of special interest relevant to this dissertation which has said much about the National Savings Movement, that in

Germany the new Federal Government has encouraged savings by means of measures of State. The significance of this is because of what is referred to as the 312 Mark law. DM 312 is subject to tax relief (savings by wage earners), also special premium rates are available for advertising on behalf of savings. It will be interesting to compare these long established measures with the proposed Contractual Savings Scheme, namely Save as You Earn, announced in the Budget of Mr. Roy Jenkins, during the Spring, 1969.

World Thrift Day, the Giro and the International Institute, utilising special emblems, are centres of concentrated sales drives at recurring times in each year. There is a familiar break-down of effort in the promotional work: the Deutsche Sparkassen and Giroverband centrally working as the Federal basis - eleven regional savings banks unions (operating through an advertising adviser) - locally, through institutes (some 350 of these employ advertising men full-time). This picture of the German parallel to savings promotion in our country, regions and districts, would be incomplete without reference to (i) a close co-operation between the savings banks and some building societies (ii) advice to Housewives service (4) (iii) measures to "educate young people towards an idea of savings and to give them some understanding of financial measure. Many savings banks have a local educational adviser. The National Savings Movement, as stated, makes the encouragement of Money Management training its official policy, and it should be noted with interest, so do other thrift organis-

ations in our own country. A recent comer in this field is .
The Bank Education Service. (2)

(2). Efforts in Sweden to simplify and unify the promotion of savings are described by Olle Lindvall, Managing Director of "Sparframjandet". (3) Mr. Lindvall traces the history of this organisation since 1925, formerly "The Swedish Savings Banks Association", renamed "Sparframjandet" in 1940 (adding "Forlagsaktiebolog" in 1942 with status of a joint stock company).

About 110 savings banks were associated in creating this organisation providing, one gathers with some caution, in the early stages, the capital stock; but time has proved the sagacity of working together through a body whose characteristic was economically and organisationally independent.

The early activities of Sparframjandet were centred upon the schools' savings movement and upon savings groups and this type of activity is readily understood by all those associated with the National Savings Movement. A children's magazine "The Lucky Coin" began in 1926 and although one might well think that such a publication would lose popularity in a generation of sophistication, Mr. Lindvall's article assures us that the circulation of the publication has risen to 800,000 yearly. The organisation, on the whole, seems to be a fair parallel with the Sparkasse in its function as a producer of the various tools of trade: posters, pamphlets, manufactured articles such as money boxes, and the like.

The progress of the Sparframjandet seemed to accelerate

from its becoming a joint stock company: again the general background was one of great competition with its attendant need for the savings banks to work in a unified manner and also to be seen to do so. In the chapter on the General Distribution of Money and Near-Money we see steps being taken in our own country to step up competition in the money institutions. Pooling of resources permitted the employment of specialists, for example, advertising consultants, and working over an ever wider range of publication as time progressed made possible the mounting of concerted campaigns. Company status also cleared the way for the creation of a new department, this being the Central Purchasing Department of the Savings Banks. Typographical and printing experts were employed; buyers assisted the publicity department and so on, interior bank fitting, equipment, coin counting machines were all dealt with and sometimes actually manufactured by Sparframjandet, even to the extent of a healthy export business to Denmark, Norway, Finland and Austria. Sales 1950 to 1965 rose annually tenfold from about 2.4 million crowns to 24 million; staff from 33 to 110. Thereafter Mr. Lindvall's article describes the expected edifications of a successful business enterprise: with more and more departmental specialisation. This is particularly interesting as the savings banks are in no way obliged to deal with Sparframjandet. It appears the peak of activity during any year is the concentration of advertising on Savings Bank Week which includes World Thrift Day. The aims of this exercise are two-fold: first, to persuade as many people

as possible to visit a savings bank and make a deposit whilst so doing; secondly, to give the public a clear picture of the savings banks' function. The success may be best illustrated by statistics in the round: 1958 the number of deposits was less than 900,000 during the Special Week in progressive stages in 1965 well over 2,000,000: new accounts 28,000 to over 47,000: deposits 123,000,000 crowns to over 531,000,000. The Company feels they have convincingly demonstrated the importance of advertising and the use of modern sales techniques.

Notes:

- (1) Trustee Savings Bank Gazette, Volume XXXII No.4.1966.
- (2) Bank Education Service, 10 Lombard Street, London E.C.3.
- (3) Trustee Savings Bank Gazette, Volume XXXII No.5.1967.

CONCLUSION.

Conclusion:

Saving is of a natural order of things: fundamentally it is necessary not only in order to live in an organised manner but in order to live well. Personal saving is motivated by numerous means but, as distinct from the natural ebbs and flows of it as adequately dealt with by Marshall when he refers in an almost abstract way to economy of 'the village', it may be quite impersonal at the collective end. For example, the saver may pay great regard to his saving by settling for a moderate return with 100% Security, or he may be more intrepid by investing in projects with higher rewards and less security, or anything between these poles. He may be quite unconcerned as to what actual use is made of his money, as to whether it goes into the public sector or a private sector, so long as he knows that he may have it when he requires it. In this last, namely 'liquidity' - money or near money, - he may be willing to exchange some of the liquidity, as it were, at a discount.

The study conclusively illustrates that personal saving, although based upon individual decisions, is culminated into a vast fund of investment: in National Savings alone, the Five Securities held are £8,500mn., so great a sum as to disrupt the whole economy should confidence in their security be in doubt. The money institutes and Thrift organisations compete for a share of this flexible source of investment, and it is when we come to examine the techniques of this, or as has been described in this study as 'selling savings', the frontiers are crossed into the field of ethics and morals. It is readily seen that promotional techniques mobilise sentiments which are

displayed as attitudes of mind. Some of these appear to have historic origins, some doctrinal, and they appear to have lingered longer, or have been maintained more rigorously within certain environments than in others. It is being suggested by this study, with considerable force of evidence, that the really rural areas are conducive to the former attitude of mind, or that the obverse holds that the highly industrial environment has less regard for such.

The idea that dealings with money, including personal savings, should be subjected to competition, has been illustrated by the recommendations to shake free from the 'endowment' element which is a feature of the commercial banks. If this is official policy, it lies in a different relationship, ethically, to another official policy namely that of the educational work of the National Savings Movement, through the encouragement of the teaching of money management. Saving at school, and instruction in budgeting, or controlled spending, for the young person has been approached in a mature way in recent years. As illustrated by the several surveys and market researches which were generously placed for inclusion in this study, there is a substantial proportion of the population who are savings profligates. The NRN and NRW Enquiry came to the same conclusion, recording over 20% of the sample.

Both the national and local enquiries, show that political pressures as well as economic ones regulate the ebb and flow of small savings, and there seemed to be little doubt that the measures taken to impose or relax credit, through squeezes or the absence of squeezes,

were the real regulators rather than merely the level of the Bank Rate. In fact, it was illustrated nationally and locally that interest rates alone, as rewards, accounted for only part of the response to save. The organised channels for spending appear to be co-existent with the ability to patronise them. One of the long established institutions, namely the Working Men's Clubs, was examined as a minor field study and it was illustrated how this was being modernised by (i) improved facilities and (ii) extending its service to women folk, albeit in a regulated manner. The successor to the Music Hall was discovered in this investigation. What was also suggested was that this development was a successful counter offensive against extinction. In fact, making things easy for the public to spend money was evident in many ways, and not the least in the night clubs.

In addition to these changes, the whole field of Thrift and savings had to contend with other great social changes: first the changes involved in the payment of wages by cheque or credit transfer which are not only different manners of paying wages but reverse the whole pattern of family budgeting. This is a major sociological change.

The social structure, and the socio-economic conditioning created our two districts by social forces orientating people to belong to the one or not to belong to it, whilst at the same time the two districts had a strong feeling of unity. In fact this situation was as neat as any sociologist would expect to find under

any circumstances and it was fortunate that the main period for the study was complete before the social boundaries, in the pure sociological sense, were ruthlessly refashioned by the creation of the Teesside Borough. It was only on the inauguration of the Borough that it was fully realised that the multiplicity of associations, societies, groups, clubs, sports, and all that goes into the fabric of social life was operative and were, in fact, the forces that created the elusive social frontiers.

Overall, the dissertation has shown that two elements are necessary in saving (i) the ability to save, being a Keynesian (1) theory and (ii) the willingness to do so. These two have to take into account numerous variables (a) environmental, which we began to associate with the districts, (b) social class in relation to certain kinds of saving, as some types appear to have a more sophisticated appeal than do others, (c) age ranges. The tendency towards early marriage combined with the high cost of living narrow down some saving activity to those who have successfully lived through the early domestic economic pressures.

(1) Note. This to be considered with traditional sanctions.

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APPENDICES.

- (1) Conference addresses (a) The young Person
as Producer and Consumer;
(b) Saving in Education, by
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THE YOUNG WORKERS AS PRODUCER AND CONSUMER:

By D.R. Davidson, Esq., O.B.E..

On your programme this talk is entitled "The Young Worker as Producer and Consumer". I hope this is not misleading for as you will have guessed my concern is with young people and their money. Perhaps a better title would have been "The Young Worker as Earner and Spender". Certainly my theme is that education should take more account of him in these capacities. As soon as the school leaver takes his first week's pay he becomes a fully paid-up member of our materialist, money dominated society. To my mind education fails in its purpose if it does not fit him for the responsibilities of this new economic status.

But before I come to these particular matters, so that I am not talking in a vacuum, I should like to glance at the general background. About $\frac{3}{4}$ million boys and girls reach 15 each year, whereupon over half of them promptly leave school and seek a job. Of the rest something like half stay on for a year or two more secondary education and then leave. The remainder leave above the age of 18 or go on to full time higher education. They are presumably destined for careers and lives which they will be well and adequately educated for. At least that is the theory. If it doesn't always work out quite like that, it is not my concern this afternoon.

To return to those who seek their first job before their 18th birthday. They number about 600,000 a year. In our full-employment economy one would think they would be readily absorbed. On the whole they are, but not without certain difficulty. First there are the problems of choice of job, aptitude, "square pegs and round holes". The efforts of the Youth Employment Service, careers masters and personnel officers deal with these problems with increasing efficiency. But then there is the problem of the right jobs being available at the right place and the right time, and in the right numbers. This is more difficult. Only three years ago there was a crisis because, by ill luck, the 15 year age bulge coincided with something of a trade depression. Things are better today, but there remain serious regional and local inequalities of opportunity for school leavers. Much of Wales, Scotland and parts of the North of England not only have more than their share of short term juvenile unemployment, but they have to see too many of the youngsters enter jobs which, if not dead ends, offer little career prospect. This often bears specially harshly on the girls who have fewer occupational outlets and are heavily dependent on the availability of clerical work. These problems will only be solved with the changing structure of industry. There have been interesting experiments in taking young people to areas where there are better employment opportunities, but for obvious human and social reasons these can only be on a very insignificant scale. The current efforts towards regional planning and administrative decentralisation from London and the South East are, therefore, to be welcomed.

It is, I think, worth attempting to analyse the young folk in their first job according to the degree of further education and training it entails. Something over a third of them receive specific training, for professional qualifications, by way of apprenticeship, or vocational courses lasting at least a few months. These tend, of course, to be concentrated in engineering, construction, mining, electricity and elsewhere where industrial training is well developed. This still leaves something like 65% of the young workers; about 40% uncovered by any training and falling heavily into distribution, agriculture, food and drink and a host of miscellaneous small industries; the remaining 25%, mostly girls, are in clerical occupations where training and education has been notoriously poor and unorganised but under various current schemes is now making very definite improvements.

Cutting across this classification of young workers we can examine what is happening to them educationally from another angle, by counting them in the various educational institutions they attend. Here we can note that out of a total labour force of 1,600,000 youngsters under 18, more than 300,000 are attending evening classes, either vocational or non-vocational, and roughly as many again are on day release. This picture is changing quite rapidly under influence of the new Training Boards, developing Technical Colleges and a growing consciousness within industry of the importance of education. Nevertheless, much remains to be done, often in the face of opposition from employers or from the youngsters themselves, especially in trades where there is not much call for technical vocational skills, and where both employer and employees are slow to see the value of further education of a general or liberal character.

For the moment I want now to leave questions of employment and education of these young people and look at their pockets. By and large their earnings, especially the boys, are pretty high and have risen more than proportionately to adult earnings. In fact at the last half-yearly check the average earnings of boys under 21 (that is the age the official statistics use) were £9 a week and girls under 18 £6.10s.

Up to the moment the facts and figures I've quoted have been from official sources. To look in more detail at young people's earnings and spending we must now go to unofficial investigations, the excellent series of surveys undertaken by Dr. Mark Abrams over the past 7 or 8 years. He uses a different classification: for him a young person, or teenager, is an unmarried person over school age but under 25 and he includes those at full-time education as well as those at work. This brings in young men up to 25 earning much more than the £9 per week I have quoted. He also brings in students and many still at school earning far less. In the result his overall averages are not much different from the £9 and £6.10s. Ministry of Labour figures.

On the Abrams' basis the young people's aggregate incomes exceeded £2,500 million a year. Clearly some part of this never gets into their

hands at all. First, the deduction for National Insurance bears relatively heavily on the younger generation. Then, many of them will be paying some income tax, although in most cases it will be small. As a first charge on the income that actually gets to them there is usually a contribution to their keep: the figure will vary widely, but probably runs to £2 or £3 a week in a vast number of cases. When account is taken of these prior commitments, we find that on average the boy is left with about £5.10s. a week and the girl with about £3.15s. In aggregate, all this disposable income adds up to something like £1,500 million.

Let us look at some of the implications of this large sum of spendable cash. First of all, it is very significant sum in itself - something like 6%, 1/3 in £, of all consumer expenditure - but, of course, young people's spending constitutes a very much larger proportion than this for those commodities which are their own special forms of expenditure. Thus in the sphere of cosmetics and hairdressing it accounts for well over 20% of the total market: for something like 20% of the total market for cafes and restaurants; more than 15% of the total market for shoes and clothing; as much as 35% for records, gramophones and portable radios. These figures are enough to indicate the enormous importance the youth market presents for certain industries. Their advertising amply demonstrates this.

If you look at the advertising of the advertising media themselves, this is the advertising of the commercial TV companies and of firms who handle the advertising in cinemas you find that they are persuading industry to use their media for their products because of their specially powerful appeal to young people. You find, too, that advertisers prominently feature the young idea in much of their 'copy' and pictorial matter. Also they have tended in recent years to cash in on the youngsters' determination to feel grown up, by extending the advertising of typically adult commodities to the young market by presenting them in terms of youth appeal. For some years this rather specious trend was prominent in much of the advertising of beers and cigarettes, although recently, under pressure from inside and outside the advertising industry, there has been some improvement.

The point of my comment here is that we have a situation which should engage the attention of the educationalist. Surely one of the arts of living that should be taught to these young spenders is the ability to spend their money sensibly. To do this they must be capable of making a critical assessment of the mass media which subject them to so much pressure. Critical examination of the techniques of TV advertising, pictorial and 'copy' appeals, and various sale and packaging techniques can be made an entertaining, interesting and socially useful classroom activity.

I do stress this matter because we are up against very formidable forces indeed. We want the young people to spend on the basis of rational and factual consideration: "What is it made of ?" "How much does the packet hold ?" "Will it last ?". The advertising so often wants them to buy on the basis of irrational and emotional consideration. "Is it the

smart thing to have ?" "Will it put me one up on my mates ?" "Has it got glamour ?".

As you know the National Savings Committee does a lot of commercial advertising, and I have a certain amount of personal experience of the way these things are done. I have the greatest admiration for the expertise of the advertiser and the mass media, and I know the vast sums of money they have at their disposal.

Just as anything education does in the field of moral teaching is likely to be swamped by the bulk traffic in sex and violence of the mass entertainment media, so our efforts in Money Management are likely to be more than offset by the advertiser and the salesman, unless we become very much more expert and are extremely persistent in what we are trying to do.

If we look more closely at the actual pattern of teenage spending, we have to take some account of sex and class difference. There are quite wide divergences in the incomes of the boys as between ages and occupations. But it is rather interesting that these differences do not seem to sort themselves out on a class basis and we do not, in fact, find very much difference in the spending of those groups we might broadly call middle-class and working class. However, this is not true of the girls, though on the whole girls earn much less, there are quite wide differences in the incomes and spending of those in what we might call working class and middle class occupations. In other words, the girl who gets herself into a superior clerical or professional job of some sort has financially gained much more and put herself in a relatively more advantageous social position, compared with her boy friend who does the same. Another way of looking at this is to say that the working class girl is much less well off than her boy friend and from the start very dependent on his generosity - but the middle class young couple are much more equal in their ability to spend and hence more easily acquire habits of equal companionship. All this has obvious effects on the way their money is spent. (Incidentally this bears rather hardly on those parts of the country, as it does here in Wales, where the opportunities for office work for girls are far below the average.)

Following through this breakdown between different sections of our youth, we can make a generalisation that because the boys are more numerous, better paid and less differentiated by class in what they earn and how they spend, the teenage spending pattern is predominantly male and predominantly working class in its characteristics. This male expenditure is typically spread over a pretty wide range of things. Worth special note, perhaps, is the 15s. a week he spends on clothes and shoes (against the 25s. on his very much less well off girl friend). The 30s. plus spent on eating and drinking out and on entertainment, not to mention the 10s. a week on risking future health by cigarettes. Then another average 7s. or 8s. on a vehicle of one kind or another. Outlay on alcoholic drink is statistically insignificant.

Very naturally, most of the expenditure is on things which will give immediate emotional satisfaction in terms of making the young person behave

and look the sort of person he wants to be, and in developing his social life with his friends and the opposite sex.

Personally, I don't find much to criticise in the expenditure pattern of the young, at least by comparison with that of their elders. Look at their mothers and fathers spending in the pubs, betting shops and bingo halls! But there is at least one important characteristic of this youthful spending which carries danger and should receive the attention of those concerned with education.

Nearly all the things bought are for immediate and short-run satisfaction. There is little evidence of much forethought. It would not be true to say the young people do not save; certainly about 75% of them have savings Bank Accounts, probably most of them do save, but only for very short term objectives, usually holidays or motor cycles etc.. At their time of life this is all very natural. It would not really matter if it were not that they get married quite early and then encounter an entirely new expenditure situation, for which they are both financially and psychologically unprepared. Then the free spending falls dramatically as they have to face up to the heavy commitments of married life. Further more, at some stage, if not at once, they will have to grapple with the overwhelming difficulty in present conditions of acquiring and financing a house or flat and furnishing it. If children arrive and the wife has to give up work the difficulty is all the greater.

For this reason I should like to suggest there is great need within the sphere of education, both before and after starting work, for much more guidance on the financial problems of personal budgets and in particular of marriage, home and family. This, of course, implies the budgeting of income and expenditure. It means imparting a good deal of factual knowledge about taxes, rents, and rates, house mortgage, hire purchase, bank accounts, insurance and the rest.

Much can be done by classroom talks, discussions, and the use of the rapidly growing range of relevant books. We think some of our National Savings publications can help. We believe that something can also be done by encouraging the actual practice of regular saving. There was an interesting survey a year or two ago undertaken among young people using the Savings Banks in the North-West of England. Their attitudes and financial habits, as disclosed by the survey, showed that these young people, who by definition had already acquired the habit of saving either from their parents or from a savings group at school or their place of work, were showing much more foresight and awareness of the future than is revealed by these surveys which cover youth as a whole.

I have already indicated the need for guidance on personal budgeting, spending, saving and in forward looking preparation for married life. I have pointed to the need for arming young people against the pressures of the advertiser and the salesman. I think also one must try to expand this approach to the field of public affairs. The young person needs information and understanding about the financing of local and central government and the many welfare services we enjoy. Only in that way will he become a

responsible citizen, accepting the fact that he must pay his share of all those things the nation decides to do on a corporate basis. Only in that way will he come to have any kind of understanding of the responsibilities that attach to the individual worker in relation to the national economy, for instance, the present urgent need for support for an effective incomes policy if inflation is to be prevented and financial stability achieved.

It is with all this in mind that the National Savings Committee has been devoting its efforts for some years to the cultivation of money management teaching in schools and beyond, as well as to its old talk of the formation of savings groups in schools and industry.

We have been delighted to find that the current expansion of Liberal Studies in the Technical Colleges, which is receiving stimulus from the new Industrial Training Boards, and the increasing flow of day release students, gives new and promising opportunities for the sort of education we want to help develop.

It is fortunate that in some ways these opportunities are greatest when the need is greatest. I have commented on the large number of school-leavers going into miscellaneous jobs of an unskilled or semi-skilled character. These young people will not be embarking on apprenticeship or career training: when they are day-released there is not very great pressure from the technical subjects on the available time. There should therefore, be scope for liberal studies, with a good money management content. The need with these youngsters is great: they will tend to be the least educated and the least thoughtful. Their pay packets are probably as high, or higher, than those of some of their more ambitious contemporaries but their ultimate earnings will be lower. They will, therefore, in due course experience the painful financial readjustment for marriage and family in its more acute form. Everything we can do at this level to get a better and more responsible handling of money will be of maximum social and human benefit. We all know this type of young person can be impatient of much that is taught in the field of liberal studies. He may be allergic to culture and the arts and will not see the relevance of history. With lively imaginative teaching he can fairly easily be made to see the relevance of money matters. You can be pretty sure there are at least two things in life that interest him, and one of them is money!

As you know through the good offices of your association we put out a specimen of the kind of syllabus we think might be followed. We have been immensely gratified at the interest this has aroused. Our field staff up and down the country is in contact with many Liberal Studies Departments and in a great many cases are finding keen interest in the development of money management teaching. Many employers, especially well organised major industries paying high wages to their young workers, support us and sometimes embody this teaching in their internal induction courses.

The new Industrial Training Boards are showing a simil interest; those for wool and engineering have made positive recommendations to this effect.

I sincerely hope this development will go forward and that we in the National Savings Movement shall be able to help by providing lecturers, by participating in organising special courses and conferences, and through the extended use of our range of educational publications. I am convinced there is great opportunity in the Liberal Studies field for the development of a substantially greater volume of education in the personal and public aspects of Money Management, and that now is the time to seize it.

Address by D.R. Davidson, O.B.E., B.Sc., (Econ.)
Secretary, National Savings Committee, to Triennial
Conference National Education Savings Committee,
25th November, 1967.

"We are meeting today within a week of momentous financial events. I begin with a word or two about them. Following devaluation, there was a Question in Parliament on National Savings. The Financial Secretary to the Treasury replied:-

".... the new situation makes it even more necessary that savings of all kinds should continue to grow to help finance investment and moderate consumption. I am sure that the whole National Savings Movement will respond with renewed vigour and enterprise to the challenge..."

There we have an official assurance from the highest level, of the importance of National Savings in the new situation.

But the Financial Editor of one of our most widely read daily papers also commented on savings in the current situation, and said:

"The Government has devalued, so robbing millions of small savers of the purchasing power of their money. It is a gross breach of trust."

Here we have a problem which has bedevilled our work for many years. We live in an inflationary society, and are accustomed to it, but this week's events have given a new twist to the screw.

So far as our work in schools is concerned, I think we have a clear and honest case for what we are doing. I would put it like this. Children save only small amounts and usually they save them for relatively short periods. When Johnny or Mary withdraws savings after maybe, six months, or a year or two, and spends it, quite possibly - almost certainly - the money is worth rather less than when it was saved. But even if, in the intervening period, the price index on ice-cream and pop records and the rest has risen, I don't think any great damage has been done to the child. Indeed, I think any such loss has been more than offset by the good that has been done in the inculcation of a habit and an attitude of mind. But this is only half our case.

Alongside the encouragement of saving, we are trying to teach children about money, and if we are doing it sensibly we are teaching them about money in an inflationary world, so that when they become adult they will be in a position to decide about their savings and investments with knowledge of what inflation means. They will then be able to decide whether it suits their circumstances to put their money into National Savings, with the certainty that they can withdraw it, pound for pound with interest, when they want it, though there well may be some fall in its purchasing power,

or whether it better suits their circumstances to put money into shares or unit trusts, where over a period of time they may well evade inflation by the rise in value of their investment, but on the other hand if they want to withdraw their money, they may quite possibly get back fewer pounds than they put in, if they happen to have chosen their investment badly or have to make their encashment at an unfortunate time.

If we face the fact that Money Management teaching must include teaching about inflation, which seems to be a feature of modern society, we need not feel uneasy or guilty about the National Savings work we are doing in schools.

The Progress of National Savings Work in Schools

I turn now to this work and its progress. I have been coming to this Conference for a considerable number of years, and I am enormously heartened when I make comparisons with the past. Many of you can think back with me to days when our discussion was on the mechanics of forming and running savings groups. That is all very necessary, but we used to stop at that point, whereas we can fairly say that today much of the discussion has been on a serious level which would disgrace no educational conference. This is a measure of progress we have made in promoting Money Management teaching. We sense that we are now working in a receptive atmosphere. Since Newsom, and with the prospect of the raising of the school-leaving age, the door is wide open for further development.

Of course, we still have a great deal to do. We have the task of motivating teachers who are slow to see the point of our work, by reminding them of its relevance to the society in which we live and children grow up. We also have the task of helping teachers to put this sort of education into practice in the class room. For this reason I greatly welcome the contributions we had this morning from teachers who were speaking as experts in their own subjects, demonstrating by what techniques Money Management could be taught. I applaud too experiments which are being carried out in various parts of the country to give this kind of help to teachers. In the North-Western Region there has been an interesting experiment where teachers brought together for a course run with an important L.E.A., and actually participated in classroom Money Management exercises. There has been an experiment in the London Region where, under the auspices of the University Institute of Education, a course of lectures for teachers has been arranged in Money Management education. I hope we shall see more experiments of this kind.

The Value of Example

I want to make a special plea to those of you who are here today to set the pace for our work in schools. We hear a great deal about "Centres of Excellence" in connection with our Grammar Schools and the expansion and possible dilution of University education. I believe the phrase has relevance for us. If a particular school is outstanding for the excellence of its National Savings work; if the organisation of its school bank is carefully thought out and effectively run, and if imagination and experiment

is successfully applied to Money Management teaching, then that school acts as an exemplar for the neighbourhood. These schools, the "Centres of Excellence" for savings work, should be the schools of those who are the leading voluntary workers in the Movement. In many cases this is already the case and we have had instances of it today, but I am sure in many cases there is still room for improvement.

Looking Ahead

We still have an enormous amount to do, but taking a long view I would hazard a guess that Money Management education is now on the move to the point where nothing can stop it. Within, say, ten years, it will have found its place in school as an accepted and integral part of education, largely as the result of our pioneering. I suspect that your lobbying success in influencing the content of the C.S.E. was the crucial point in the long battle for this development. From the wide educational point of view, this is precisely what we want, and we look forward to the day when this is so, but one can see this sort of education eventually coming into the school curriculum as a normal educational development and not necessarily as a specific National Savings activity. I should like to think that however completely the subject is eventually taken into the mainstream of education, there is always a specific place for the special contribution which the National Savings Movement can make. For this reason it is very important that those things which we can specially contribute should be kept alive and developed with all our energy.

The first and foremost element that we can contribute is the School Bank, whether it is, in effect, the simple old-fashioned 'Penny' Bank, or the modern, sophisticated, Cheque Scheme. I think we must expect a continuing fall in Savings Stamp business which is becoming a clumsy and outdated channel of thrift, except perhaps for the really young children. The future is with the School Bank. It has real educational value and also the practical advantage that it lends itself to pupil operation, saving the time of teachers. And, as far as we can see ahead, the teacher shortage is likely to continue. I plead very strongly in favour of the development of School Banks.

I would like, also, on the Money Management side, to make a plea for the continuance and development of these special activities or projects with which the Savings Movement had been particularly associated. I am thinking of the specific pieces of organisation which we undertake when, for instance, we co-operate in organising School Leavers' Money Management Conferences, or when we use our contacts and influence to bring into a school perhaps a Bank Manager, a Borough Treasurer or Building Society representative, as well as a National Savings spokesman, to talk to school leavers. The National Savings Movement is peculiarly well suited to do this kind of thing: it is something which we should continue to do indefinitely, no matter how closely Money Management eventually becomes part and parcel of school life.

The Materialist Background.

It does no harm sometimes to stand back and try to see our work

against a broad background. I don't mean the background of this week's economic crisis or this year's school reorganisation. I often think that we are so preoccupied with such things that half the time we do not notice what is happening to the civilisation in which we live, and a great deal is happening.

Isn't it rather absurd that we talk so much about being on the verge of bankruptcy and sections of the community spend enormous time and effort trying to get marginal improvements to their incomes, yet, in this country today, with few exceptions, our standard of living is vastly higher than humanity has known throughout its long history ? We are also living at a much better level than most of mankind today, except for that in a few countries in North America and Europe. In fact, we are living in a society which believes in salvation by economic growth: more production: more exports: more imports: more income and all will be well! This permeates life from top to bottom. Tycoons buy up each other's businesses, whether for efficiency, profit or more prestige no one really seems to know. Executives and professional people chase each other around in a rat race for higher status and more pay - and, maybe, more thrombosis. Working people battle for advantage and improvements in income, even to the point where there are holdups in transport or production which could threaten the incomes of us all. All this goes on to the accompaniment of an over-increasing barrage of advertising which can be insidious and sometimes dishonest, and the screech of propaganda from governments and from every organisation with an axe to grind.

Is it surprising that in this situation we can see the beginnings of reaction and revulsion from this extreme materialism ? One has seen this first - as always with things of this sort - in the work of artists, poets, dramatists: one sees it perhaps more unpleasantly in the phenomenon of the 'beat' or 'drop out' section of the younger generation. At a more prosaic level we learn from recent figures that just as we are desperately succeeding in extending the number of scientific places in the Universities, the young people decide that they do not want them after all, but queue up for further education in humanities. We have seen in the last week or so, reports that these young people who are qualifying themselves in science are turning away from the industrial jobs, despite their attractive pay, preferring to stay in research or academic life. And the same trend is obvious in the writings of a growing school of economists and sociologists. In recent months, influential books in America and in this country (e.g. Prof. Galbraith's "New Industrial State" and Dr. Mishan's "Cost of Economic Growth") have developed the thought that, as we become wealthier, in terms of our economic indices, in some ways we only reduce the quality of life and make greater problems and difficulties for satisfactory living. Our productive motor industry congests our roads and destroys the amenities of town and country: our industries not only increase their productivity, they also increase the pollution of air and water. One could go on to list the heavy social and human costs of economic progress.

I mention all these things to emphasise the chaos of shifting values which our young people have to face. Enormous problems lie ahead for our schools, if the future generation is not going to grow up a generation of clever robots able to operate all the automation and computers, but

hopelessly lost where the moral and social aspects of life are concerned. There is need for a different form of moral education in tune with our industrial materialism and the space age rather than with a pastoral society long forgotten. There is need to grasp the nettle of political education so that children grow up, both knowing and caring about political institutions, understanding and valuing their rights and privileges and also their duties and obligations as citizens and workers. There is need for education which will give both understanding and right attitudes about money; the facts of earning, spending and saving; standards whereby to evaluate the uses of money; consciousness at one level, of the importance of money, and at a deeper level, of its unimportance.

We are working in one corner of this great field. We can claim to be cultivating it well, but we have only just started. With your help and the help of all those you represent, the Savings Movement can assist the educational system of this country to a great step in the direction I have described and which I believe is terribly important."

Extract from an Address to a National Savings Staff Conference
on 25th July, 1968:

'The Economic Case for Saving' by Mr. Harold Wincott of the
Financial Times

"..... I would like to begin by telling you the story of an interesting case of motivation and the social case for saving. It concerns a conversation I had about ten years ago with one of the most prominent leaders in the Trade Union Movement.

We sat next to each other at a dinner in London and I suggested that he started a Unit Trust in his Trade Union, the money being collected at the same time as the weekly dues of the members and this could then be invested in British Industry. His reply was, "Savings are happiness deferred. I can ask my members to defer their happiness until the next summer holiday or next Christmas but I cannot ask them to defer their happiness in perpetuity". I thought this was a most fascinating answer but I asked him if he realised that we had had the most massive re-distribution of incomes in this country over many years by means of direct taxation and, if his people were not prepared to defer their happiness, since the bulk of the purchasing power of the country was in their hands this country could never get the savings it required. His answer was simply, "That's the Government's business". I think, however, that it is also your business.

Whilst thinking over what I wanted to say to you it occurred to me that the best and most dramatic way I could find for illustrating the economic case for saving was to go back to the period in history when the economic case for saving was non-existent, and, indeed, was for spending - the depression years of the 'thirties.

You cannot, of course, talk about the 'thirties without talking about Keynes. He was a most remarkable creature; he was educated at Eton and King's College, Cambridge, and in his early years was a great speculator but he was, without doubt, the world's greatest economist and is today recognised all over the world as such. He started work just after the first world war when he wrote the book "The Economic Consequences of Peace", in which he foretold what economic damage politicians would do by their settlements after the first world war. His next best known piece of work was the equally controversial "Economic Consequences of Mr. Churchill", when he attacked the return to the gold standard in 1925 at the exchange rate that had been ruling in 1914, a decision which ignored all the changes that had occurred between 1914 and 1925, particularly the rise of the United States as the greatest economic power in the world. A great deal of our trouble in the 'thirties came from that decision and we are still paying for it today.

Of course, Keynes' most important work and the one most relative to what we consider today was "The General Theory of Prices and Employment";

the core of the case is in a quotation from Harrod's life of Keynes "If investment exceeded saving we should have an inflationary tendency, and conversely..... If the community was suffering from depression and unemployment this must be due to an excess of saving and again conversely...." Hitherto, the economist as such has tended to encourage economy and thrift in all circumstances. If Keynes' doctrine was correct it was most desirable to do so in times of incipient inflation - but not at all times. On the contrary, in times of depression and unemployment it was desirable to encourage spending and lavishness.

Those of us who lived and worked, or, if unlucky, did not work, during the 'thirties, looking back at those times know Keynes was right.

We know we had an unemployment rate of 22 $\frac{1}{2}$ %, one man in five out of work. Boys left school at 14 and by the time they reached 21 they were married and on the dole, and so on. There were others far worse off than us. The United States had higher unemployment, with banking failures and banks closing. Germany had 40%, and in countries such as Australia, Brazil and Canada, depending on primary commodities, the fall in the price of these commodities was absolutely disastrous. In fact, in Australia or Canada you had to repay three bushells of wheat for the one you had borrowed and upright British countries with high standards of financial integrity were actually on the verge of default or did indeed default on their debts. In this country we had the May Committee's report urging a reduction in Government expenditure and Snowden's "nasty budgets" cutting unemployment pay. Unbelievable, inconceivable, looking back on it today.

Also at this time we had the uprising of a very odd company of expansionists, led by Keynes, which included Oswald Mosley, Lloyd George, the young Harold Macmillan, Roosevelt with his 'New Deal', and even Hitler found an answer and got rid of the 40% unemployment in Germany by rebuilding the army and the road system. He was adopting the Keynesian doctrine but, unfortunately, for the wrong reasons.

In those times it really did pay to save. The value of the pound rose from about 18/- in 1920 and by 1934 it had risen to nearly 30/-, in terms of what you could buy. Unlike today it was not sensible to use hire-purchase; you saved to buy because the price would be lower by the time you had saved. It was safer to mortgage a house, than pay off the mortgage as soon as possible - now you take out a mortgage for as long as possible.

This is the background of the 'thirties when there was no economic case for saving at all. Natural forces were at work to lead one to save, but in the nation's interest we wanted people to spend. Gradually light dawned and the official attitude started to change. We were urged "to spend wisely", but the Keynesian doctrine was regarded with considerable suspicion in this country and the United States. Conservative financial people thought Keynes' ideas were an abomination. Slowly we began to see the light and change our ideas. Now if you contrast the public and government attitudes today with those conditions, the contrast could not be more extreme and it is ironical beyond words that having failed to get

the message in the 'thirties, today, in truly different conditions, we still fail to get the message and follow the wrong policies in the other direction. Keynes has sometimes been regarded as irresponsible, but I want to make the point that he has, undoubtedly, been responsible for a revolution in thinking.

I have been reading Randolph Churchill's second volume on Churchill's life. When the Germans were building a fleet of battle-ships Churchill was saying, "We cannot afford another Dreadnought" and, more than that, he was saying we didn't need to worry about the Germans because "they haven't enough money to build battle-ships". This attitude has changed and today no politician says we have not got the money and we can't afford anything. It is this change which accounts for so many of our difficulties today and I think, to be fair to the politicians, they became so obsessed with those cruel and bitter memories, of the 'thirties, that they failed to realise that deep-seated economic forces were at work which made a return to the conditions of the 'thirties quite impossible. So they kept on pursuing policies which were no use in the new conditions.

The damage suffered by the war and the enormous debts incurred to Egypt, India etc., led to the loss of overseas assets. Cripps used to speak of the position of our overseas investments before the war - the position that meant, in fact, that we had three quarters of a million people outside Britain working for us for free. The results of their work were sent to this country and we didn't pay a penny for it. When the war ended the boot was on the other foot.

No politician in this country could possibly have created real unemployment in Britain since the end of the second world war, but we have had disguised unemployment because we didn't use our resources properly. Beveridge, in his report published in 1942, said, "In the industries now subject to unemployment insurance the finances of the unemployment fund has been based by the Unemployment Insurance Statutory Committee on the assumption of an average rate of unemployment through good years and bad of about 15%. In framing the social security budget in Part IV of this report it has been assumed that in the industries now subject to insurance, the average rate of unemployment will, in future, be about 10% and that over the body of insured employees in Class I, unemployment will average about $8\frac{1}{2}\%$ ". The highest rate has in fact, been 3.0 - 3.1% and the lowest rate of unemployment has been 1.2 - 1.3% (national averages).

The irony of it is, that having refused to adopt the right Keynesian policy in the conditions of the 'thirties, in the entirely different conditions of the post-war years, we refuse to operate the second half of the policy - which is to encourage thrift and economy. The whole world has gone Keynesian but you will find the philosophy being misapplied. The United States in 1966 should have applied this second half by increasing taxation and cutting Government spending but they left it much too late (political elections interfered) and there is a probability that they will have a balance of payment deficit. So this is not just an English disease - it is world wide.

If I have sounded a bit gloomy I must now say that there are good causes for optimism today. As you know there has been a debate in the House this week and if the Chancellor was not as forthcoming as some of us could have wished, it seems clear that before the next Finance Bill we should have increased incentives for savings of some kind.

I, personally, think the whole attitude in this country towards savings is wrong. We are the only country I have come across that talks about unearned income: it is called investment income in other countries. In the United States and Canada it is just 'income' without a discriminatory tax against it. Here, the man who happens to have £5,000 a year from investment income is heavily discriminated against; investors are discriminated against in the capital gains tax legislation. I think that we need savings incentives but we obviously need to make them as sensible as possible. Western Germany offered great incentives, tax concessions especially for savings for housing, but things got out of hand and had quite serious repercussions with too much of the national resources going into the house building programme. I would like to see us overdo it for five years: we could then take the incentives away!

On the whole, our economic prospects have enormous scope in this country. I know it is the thing to say, but if you look back at our record you will find it is true that we have led the world in invention. (Television before the war, penicillin, hovercraft, terylene etc.). We are brilliant at inventing, but we fall down on productive processes and because we have insufficient investment. If we could only get these things right, there is so much need for capital investment in this country, that there is no need for unemployment. There is a need for enormous investment in the public sector - roads, schools, mental hospitals, hospitals, and so on. If only we can get the balance of payments right and a good level of individual savings, there is so much to be done that the newest born baby will have a job until he dies.

The problem is to find savings to cover investment. I am shocked when British Chancellors of the Exchequer told the world in their budget speeches, "I have a borrowing requirement of hundreds of millions". I should have thought they would borrow it from the British savers and give the necessary incentives, but not on your life! We are incredibly honest, although stupid if you like. Most of this borrowing requirement comes in fact, from four sources, firstly, running down our gold and foreign exchange reserves, secondly, by borrowing abroad from the I.M.F. etc., thirdly, by issuing promises to pay to the banks for three months (and as a result of having so called assets backed by the British Government the banks can then lend much more freely to everybody) and, fourthly, by printing notes. This is not what I regard as the way in which a borrowing requirement should be met. I am sure if we go on meeting borrowing requirements in this way we are up against disaster sooner or later.

I was delighted to read in the recent report of the Bank for International Settlements that the B.I.S. had said precisely the same thing because they showed the savings and investment in the personal sector, in the company and public corporation sector and in the Government sector.

They showed figures for three periods since the war, 1949, 1957 and 1967, with a general deterioration. Heavy Government investment gave rise to much heavier borrowing, even though company savings increased. Total national savings just didn't keep pace with the rise in home investment and this was reflected in the external deficit.

I would not pretend that if we put the savings position right, this is all we should need to do for Britain, but I do not believe these other things alone would put things right either. I believe there is the greatest possible economic case for an increase in savings here and this can be the keystone of the British economic miracle we want to see.

SUMMARY, NRN AND NRW INQUIRY:

ACTUAL SAVERS										
AGE GROUP	SINGLE.			MARRIED			MARRIED			GRAND TOTAL
	URBAN	RURAL	TOTAL	WITH CHILDREN			WITHOUT CHILDREN			
				URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL	
20-25	6	2	8		2	2	2		2	12
25-30					4	4				4
30-35		1	1	12	6	18				19
35-40	2		2	8	5	13		2	2	17
40-50				28	11	39		1	1	40
50-60		2	2	28	15	43	1	1	2	47
60-70	1		1	8	4	12	8	2	10	23
OVER 70										
TOTAL	9	5	14	84	47	131	11	6	17	162

NO. OF REPLIES = 222, INCL. 15 UNANSWERED. NO. NOT SAVING AT ALL = 45; ACTUAL ∴ = 162.

PATTERN OF SAVING.									
NET WEEKLY EARNINGS	URBAN			RURAL.			ALL SAVERS		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL.
10-15	15		15	6		6	21		21
15-20	12		12	16	1	17	28	1	29
20-25	11		11	12	2	14	23	2	25
25-30	18		18	8	2	10	26	2	28
30-35	24		24	7		7	31		31
35-40	15		15	2		2	17		17
40-50	9		9	2		2	11		11
50-60									
60-70									
OVER 70									
TOTAL	104	-	104	53	5	58	157	5	162

SUMMARY, NRN AND NRW INQUIRY:

WHERE PEOPLE ARE SAVING												
	POST OFFICE SAVINGS BANK.	NATIONAL SAVING CERTIFICATES	NATIONAL DEVELOPMENT BONDS.	BUILDING SOCIETY DEPOSITS.	PREMIUM SAVING BONDS.	TRUSTEE SAVINGS BANK.	CO-OPERATIVE SOCIETIES.	INSURANCE POLICIES.	UNIT TRUSTS	SAVINGS CLUBS	COMMERCIAL BANKS.	OTHER WAYS
URBAN	29 27.6%	21 20.0%	NIL -	24 22.9%	15 14.3%	11 10.5%	6 5.7%	50 47.6%	3 2.9%	18 17.1%	13 12.4%	3 2.9%
RURAL	22 37.9%	12 20.7%	2 3.4%	23 39.7%	21 36.2%	10 17.2%	12 20.7%	40 69.0%	5 8.6%	9 15.5%	16 27.6%	10 17.2%
TOTAL	51 31.3%	33 20.7%	2 1.2%	47 28.8%	36 21.9%	21 12.9%	18 11.0%	90 55.2%	8 4.9%	27 16.6%	29 17.8%	13 8.0%

NOTE PERCENTAGES WORKED OUT ON THE NUMBERS IN NRN (URBAN) AND IN NRW (RURAL) RESPECTIVELY; I.E. 104 AND 58 = 162 TOTAL.

QUESTION :- IF INTEREST RATES ROSE WOULD YOU SAVE IN A DIFFERENT WAY ?			
ANSWER :-	URBAN	RURAL	TOTAL
MORE	30	40	70
LESS	1	1	2
SAME	64	107	171

MALE (URBAN AREAS)																								
AGE GROUPS	SINGLE						MARRIED																	
							WITH CHILDREN						WITHOUT CHILDREN											
	EMPLOYED			UNEMPLOYED			EMPLOYED			UNEMPLOYED			EMPLOYED			UNEMPLOYED								
	SAVINGS			SAVINGS			SAVINGS			SAVINGS			SAVINGS			SAVINGS								
	YES		NO		YES		NO		YES		NO		YES		NO		YES		NO					
	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M				
20-25	2	4				1											2							
25-30			2			1																		
30-35							4	8	1															
35-40		2					4	4	2				1	1										
40-50			2					2	1	6														
50-60			2				16	12	2				1	1		1	1	1						
60-70									2	2	6	2			1				4	3				
OVER 70													1	1										
SUB-TOTAL	2	6	6			2	24	46	8	2	12	2	3	2	4	1	1	1	4	3				
GRAND TOTAL	8	6				2	70	10	14	5	5	2	7											

(E)

66.6% 7.6% 13.3% 4.8% 6.6%

FEMALE (URBAN AREAS).																		
AGE GROUPS	SINGLE						MARRIED											
							WITH CHILDREN						WITHOUT CHILDREN					
	EMPLOYED			UNEMPLOYED			EMPLOYED			UNEMPLOYED			EMPLOYED			UNEMPLOYED		
	SAVINGS			SAVINGS			SAVINGS			SAVINGS			SAVINGS			SAVINGS		
	YES		NO	YES		NO	YES		NO	YES		NO	YES		NO	YES		NO
	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M
20-25			1															
25-30																		
30-35																		
35-40																		
40-50					1													
50-60											1				1			
60-70																	1	
OVER 70																	1	
SUB-TOTAL			1		1						1			1			2	
GRAND TOTAL			1		1						1			1			2	

(F)

MALE (RURAL AREAS).																													
AGE GROUPS.		SINGLE								MARRIED																			
										WITH CHILDREN					WITHOUT CHILDREN														
AGE GROUPS.		EMPLOYED				UNEMPLOYED				EMPLOYED					UNEMPLOYED					EMPLOYED					UNEMPLOYED				
		SAVINGS				SAVINGS				SAVINGS					SAVINGS					SAVINGS					SAVINGS				
AGE GROUPS.		YES		NO		YES		NO		YES		NO			YES		NO			YES		NO			YES		NO		
		WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M
20-25			2							2																			
25-30										3	1		1																
30-35			1							3	2	3																	
35-40										3	2							1	1										
40-50				1						5	5								1										
50-60										3	11	1	1						1	1									
60-70											1		1	1	2				2	1									
OVER 70												4																	
SUB-TOTAL			3		1					19	22	8	3	1	2				3	3	2								
GRAND TOTAL			3		1					41	11	3							6	2									

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5.2%

73.5%

5.2%

10.4%

FEMALE (RURAL AREAS).

AGE GROUPS.	SINGLE				MARRIED											
					WITH CHILDREN				WITHOUT CHILDREN							
	EMPLOYED		UNEMPLOYED		EMPLOYED		UNEMPLOYED		EMPLOYED		UNEMPLOYED					
	SAVINGS		SAVINGS		SAVINGS		SAVINGS		SAVINGS		SAVINGS					
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO				
	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M	WK	M		
	20-25															
25-30																
30-35																
35-40																
40-50																
50-60																
60-70																
OVER 70																
SUB-TOTAL																
GRAND TOTAL																

(H)

20-25

25-30

30-35

35-40

40-50

50-60

60-70

OVER 70

SUB-TOTAL

GRAND TOTAL

2

1

1

1

2

2

1

2

URBAN AREAS (SAVINGS PLAN)																							
WEEKLY SAVINGS RANGE	LONG TERM SAVINGS PLAN (HOUSE, RETIREMENT, CHILDREN'S EDUCATION ETC.)										ORGANISED SAVINGS SCHEME (AT PLACE OF EMPLOYMENT)												
	NET WEEKLY EARNINGS										NET WEEKLY EARNINGS.												
	£10-£15	£15-£20	£20-£25	£25-£30	£30-£35	£35-£40	£40-£50	£50-£60	£60-£70	OVER £70	TOTAL	£10-£15	£15-£20	£20-£25	£25-£30	£30-£35	£35-£40	£40-£50	£50-£60	£60-£70	OVER £70	TOTAL	
2/6-5/0s	3										3												
5/0s-10/0s	6										6												
10/0s-£1	3	6	6	3							18	2											2
£1-£2	3		3		9						15	1	2										3
£2-£3		3				6	3				12												
£3-£4				12							12												
£4-£5					6	6	6				18												
OVER £5				3	9	3					15												
TOTAL :-	15	9	9	18	24	15	9				99	3	2										5

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RURAL AREAS (SAVINGS PLAN)

WEEKLY SAVINGS RANGE	LONG TERM SAVINGS PLAN (HOUSE, RETIREMENT, CHILDREN'S EDUCATION)										ORGANISED SAVINGS SCHEME (AT PLACE OF EMPLOYMENT)												
	NET WEEKLY EARNINGS										NET WEEKLY EARNINGS												
	£10-£15	£15-£20	£20-£25	£25-£30	£30-£35	£35-£40	£40-£50	£50-£60	£60-£70	OVER £70	TOTAL	£10-£15	£15-£20	£20-£25	£25-£30	£30-£35	£35-£40	£40-£50	£50-£60	£60-£70	OVER £70	TOTAL	
2/6-5/0	1	1								2													
5/0-10/0	1	1								2													
10/0-£1	2	1	2							5	2												2
£1-£2	1	4	4	2						11	1	1											2
£2-£3	1	3	3	2	1					10													
£3-£4		1	1	1	2					5													
£4-£5			2		1	1				4													
OVER £5		2	1	4	3	1	2			13	1		1										2
TOTAL	6	13	13	9	7	2	2			52	4	1	1										6

(J)

URBAN AREAS												
FORMS OF SAVINGS.												
WEEKLY SAVINGS RANGE	POST OFFICE SAVINGS BANK	NATIONAL SAVINGS CERTIFICATES	NATIONAL DEVELOPMENT BONDS.	BUILDING SOCIETY DEPOSIT	PREMIUM SAVINGS BONDS.	TRUSTEE SAVINGS BANK	CO-OPERATIVE SOCIETY	INSURANCE POLICIES	UNIT TRUSTS	CLUBS	COMMERCIAL BANKS	ANY OTHER WAYS.
2/6 ^o -5/0 ^s	4					3						
5/0 ^s -10/0 ^s								4				
10/0 ^s £1	8	3			5			6		4		
£1-£2		4		4	4			2				
£2-£3	4			5	3		4	4	3	4	3	3
£3-£4	3	3		4	2	3		8		4		
£4-£5				2				11		2	2	
OVER £5	10	11		9	1	5	2	15		4	8	
TOTAL:-	29	21		24	15	11	6	50	3	18	13	3

(K)

RURAL AREAS.

FORMS OF SAVINGS.

(L)

WEEKLY SAVINGS RANGE	POST OFFICE SAVINGS BANK	NATIONAL SAVINGS CERTIFICATES	NATIONAL DEVELOPMENT BONDS	BUILDING SOCIETY DEPOSIT	PREMIUM SAVINGS BONDS	TRUSTEE SAVINGS BANK	CO-OPERATIVE SOCIETY	INSURANCE POLICIES	UNIT TRUSTS	CLUBS	COMMERCIAL BANKS	ANY OTHER WAYS.
2/60-5/0s				1				1		1		
5/0s-10/0s		1						1				
10/0s-£1	1	1	1	1	4		1	1	1	1	2	
£1-£2	6	3		3	4	3	2	9	1	3	2	4
£2-£3	2	1	1	3	4	2	2	6	1	1	3	1
£3-£4	6			5	2		1	7		1	2	1
£4-£5		2		3		1	2	2	1		1	
OVER £5	7	4		7	7	4	4	13	1	2	6	4
TOTAL:-	22	12	2	23	21	10	12	40	5	9	16	10

URBAN AREAS

QUESTION: IF INTEREST RATES ROSE WOULD YOU SAVE IN A DIFFERENT WAY?

	POST OFFICE SAVINGS BANK	NATIONAL SAVINGS CERTIFICATES	NATIONAL DEVELOPMENT BONDS	BUILDING SOCIETY DEPOSITS	PREMIUM SAVINGS BONDS	TRUSTEE SAVINGS BANK	CO-OPERATIVE SOCIETY	INSURANCE POLICIES	UNIT TRUSTS	CLUBS	COMMERCIAL BANKS	ANY OTHER WAYS
MORE	3	4	1	8	3	1	1	6	2	1		
LESS				1								
SAME	9	11	3	4	5	2	3	11	3	3	9	

RURAL AREAS

QUESTION: IF INTEREST RATES ROSE WOULD YOU SAVE IN A DIFFERENT WAY?

	POST OFFICE SAVINGS BANK	NATIONAL SAVINGS CERTIFICATES	NATIONAL DEVELOPMENT BONDS	BUILDING SOCIETY DEPOSITS	PREMIUM SAVINGS BONDS	TRUSTEE SAVINGS BANK	CO-OPERATIVE SOCIETY	INSURANCE POLICIES	UNIT TRUSTS	CLUBS	COMMERCIAL BANKS	ANY OTHER WAYS
MORE	4	4	1	10	1		2	4	7	1	4	2
LESS								1				
SAME	14	7	6	9	11	4	9	17	5	10	12	6

SAVINGS

This year's Budget proposals included a number of new incentives for personal saving. In his Budget Speech, the Chancellor of the Exchequer said "to the extent that we see a good continuing response to the savings measures, it could be possible in later years to impose correspondingly less taxation".

Saving provides the resources needed to finance investment. The encouragement of saving is also a useful way of curbing home consumption, and an increase in saving could play an important part in bringing about the needed switch in resources from home consumption into exports, to support displacement and investment. This article looks at the pattern of saving in the United Kingdom, describes how it has changed in recent years, and outlines the proposals for a new contractual savings scheme.

Saving is the difference between income and expenditure; it is the surplus which finances fixed investment at home in machinery, plant and buildings, investment in stocks and work in progress (materials, partly finished products and goods awaiting sale) and net investment abroad.

It is estimated that total savings in 1968 reached a record level of over £8,400 million*, some £1,300 million more than in 1967. Savings more than doubled between 1958 and 1968. Since 1956, saving has been on average about a fifth of the gross national product (GNP).

Sources of saving

The sources of saving are shown in the National Income accounts under five main categories: companies; central government, local authorities and public corporations (which together comprise the public sector); and the personal sector.

In 1968, companies accounted for 41 per cent of total savings, the public sector 35 per cent (central Government 26 per cent, public corporations 9 per cent, and local authorities 6 per cent) and the personal sector 24 per cent.

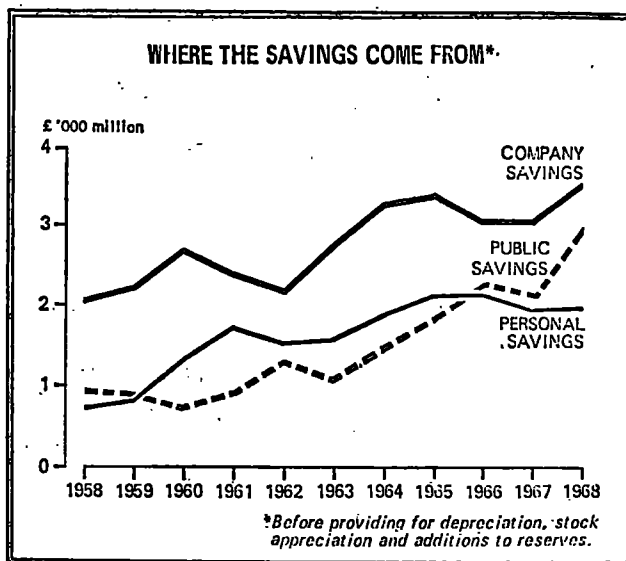
Company saving¹

Saving by companies is their undistributed income after tax. In 1968 this represented just under half of total company income after tax. During the second half of the 1950s, company saving accounted for about 55 per cent of total saving, but it has dropped back to well below 50 per cent during the 1960s, except in 1963 and 1964.

Public saving

Saving by the *central Government* consists of its surplus of current receipts over current expenditure (including any surpluses of the National Insurance Funds). Saving by *local authorities* comprises their surplus of current receipts over current expenditure. Saving by *public corporations* (including the nationalised industries) is their balance of undistributed income. The amount of public

¹Unless otherwise indicated, the figures used in this article relate to savings before providing for depreciation, stock appreciation and additions to reserves.



sector saving determines how much the public sector has to borrow to finance its capital expenditure.

Public sector saving varies considerably from year to year, largely as a result of changes in saving by the central Government. In recent years, saving in the public sector has ranged from a 16 per cent share of total saving in 1960 to about 35 per cent in 1968. Public corporations and local authorities have increased their savings on average at a fairly steady rate in recent years. The central Government, however, when deciding its rate of saving, must consider not just the amount of investment it wishes to finance itself, but also the state of the economy as a whole. If the Government considers that the economy needs stimulating, it will aim to save less by reducing taxes or increasing expenditure. If the economy needs damping down because demand is rising too fast, it will aim to save more. Since devaluation in November 1967, in order to check the growth of demand and leave sufficient room for the required growth in exports and productive investment, the growth of public expenditure has been cut back, taxes were increased in the 1968 Budget and again in November 1968 and further increases were proposed in the 1969 Budget. Central Government saving rose sharply to over £2,000 million in the financial year 1968/69 and is expected to reach over £3,000 million in 1969/70.

Personal saving

Personal saving is the surplus of personal disposable income (that is personal income less taxes on income and national insurance contributions and net transfers abroad) over personal consumption. This is the least reliable of the savings estimates. It relates not only to individual persons, but includes all unincorporated business concerns—self-employed farmers and professional people, other one-man businesses and partnerships. It also includes the savings of non-profitmaking bodies such as trade unions and charitable trusts, and the increase in the

life-funds of insurance companies and funds of superannuation schemes.

The proportion of personal disposable income saved (the *personal savings ratio*) increased sharply during the 1950s but seems to have levelled out during the 1960s. It averaged 3 per cent from 1950 to 1955, 4½ per cent from 1955 to 1959 and has fluctuated around 7½ per cent during the 1960s. The increase during the 1950s was partly associated with the rise in real disposable incomes which was taking place, but it may also have represented an adjustment to a more normal level following the rather low levels of the early 1950s, when consumption was no longer held back by rationing and post-war shortages.

How personal savings are used

Personal savings flow through numerous channels. Table 1 shows that a large part of the total is used directly to buy houses or to maintain or increase the capital equipment and stocks and work in progress of self-employed persons and unincorporated businesses. The

**TABLE 1
USE OF PERSONAL SAVINGS IN 1968**

	£ million
Fixed investment in housing, business capital equipment, etc.	1,120
Less capital grants from public authorities ¹	-189
Increase in stocks and work in progress	194
Taxes on capital ²	423
Net purchase of financial assets	448
Personal saving³	1,996

¹ Includes central government grants to universities and other private non-profit-making bodies; grants to farmers and investment grants to unincorporated businesses; and local authority grants for the conversion and improvement of housing.

² Includes death duties and taxes on capital gains.

³ Before providing for depreciation, stock appreciation and additions to tax reserves.

Source: *Financial Statistics*, April 1969

rest is used, apart from meeting taxes on capital, to finance investments in other sectors through the purchase of financial assets. Table 2 shows that the net purchase of financial assets is the result of very much larger transactions of buying and selling by the personal sector.

The most striking features of these transactions in recent years have been, on the one hand, the very large increase in the rate of growth of contractual saving through life assurance and superannuation funds (from £940 million in 1962 to £1,475 million in 1968) and, on the other hand, the very large sales of securities by the personal sector (averaging over £750 million a year between 1962 and 1968). Together with the increase in saving through unit trusts and the special investment departments of the trustee savings banks, these figures reflect the personal sector steadily switching from direct holdings of securities to indirect holdings.

A new contractual savings scheme

Proposals for a new scheme of contractual savings were set out in the 1969 Budget. To be called "save as you

**TABLE 2
PERSONAL SECTOR'S TRANSACTIONS IN FINANCIAL ASSETS, 1968**

	£ million
Change in Assets	
Life assurance and superannuation funds	1,475
Shares and deposits with building societies	772
Deposits with banking sector	657
Unit trust units	258
Local authority debt (excluding quoted securities)	104
National savings	77
Notes and coin	71
Other financial assets	45
Net sales of company and overseas securities	-803
Net sales of British government securities	-255
	2,401
Change in Liabilities	
Building societies' loans for house purchase	843
Other loans for house purchase	69
Hire purchase debt	22
Bank advances and loans	25
Other liabilities	93
	1,052
Unidentified items	-901
Net Purchase of Financial Assets	448

Source: *Financial Statistics*, April 1969

earn", the new scheme would be operated by the Department for National Savings. Under this scheme, everyone over 16 will be able to save up to £10 per month, through deductions from pay, or by standing orders on banks and the Giro, or in cash over Post Office counters. After five years, savings of £1 per month will total £60, and will attract a tax-free bonus of £12, or £24 if the money is left in for two further years. The bonus equals a grossed up rate of return of 12 per cent to the standard rate taxpayer by the end of a 5-year contract and even more by the end of the 7-year period. People withdrawing early will get tax-free interest of 2½ per cent after the first year. The scheme would start as soon as possible, but this cannot be before October 1969.

Some international comparisons

Comparisons of savings in different countries are not easy and should be treated with care, but a recent study by OECD* showed that the United Kingdom has been saving a lower proportion of GNP than a number of other major industrial countries. At the same time, it appears that in these other countries personal or household saving plays a more important part in the finance of investment and accounts for a higher proportion of personal disposable income than in the UK. Information provided in a recent written Parliamentary answer showed that in the period 1957-66 personal saving accounted on average for 6.8 per cent of personal disposable income in the UK compared with 17.1 per cent in Japan, 13.5 per cent in West Germany, 9.7 per cent in Sweden, 8.1 per cent in France, 7.6 per cent in Canada and 6.3 per cent in the United States.

* *Capital Markets Study Vol. I*. General report (OECD, Paris), obtainable from HM Stationery Office, price 35s.