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## More than a Principle. The History of Savings Banks in the Course of Stein's Städteordnung, 1808-1838\*

### ABSTRACT:

The interest in savings banks was always strong when the issue was the development of new social protection systems. The reform of the principles of municipal self-administration initiated by Baron vom Stein (Stein'sche Städteordnung), introduced in 1808, provided such tools as were required for the savings banks to prosper – to start with, in Prussia. The notion of a savings bank was not a novel one at that time. The first 'proto-savings bank' in Hamburg had already been established in 1778, and the political economist Johann Heinrich Justi developed tangible ideas about savings banks as early as 1761. But only in exceptional cases were savings banks founded before 1808. Although the notion of savings banks corresponded to a large extent with the goals of the Enlightenment in the second half of the 18<sup>th</sup> century, the development of savings banks obviously needed a completely new impetus – namely the reform of the principles of municipal self-administration introduced by Baron vom Stein – in order to be successful across the entire country. It has to be said that there is no direct link between the municipalisation of the savings banks after 1808 and the Enlightenment discourse of the time prior to that. Only now, one had a new approach for interweaving sociopolitical and municipal tasks with 'commercial' issues. The fact that vom Stein handled the question of savings banks personally and reserved a special place for them in the (re-)organization of the cities and municipalities will be demonstrated in this article.

### I. Introduction

Between 1808, the year when Stein's Städteordnung (municipal law) came into force, and 1838, when the Prussian Sparkassen-Reglement (savings banks regulation) was enacted, various aspects shaped the debate on savings banks. One of them continued in the tradition of the Enlightenment, which had been embracing all areas of life since the second half of the 18<sup>th</sup> century. It dealt with the question on how to reintegrate 'the poor' and 'the suffering' into society, how to offer them a life at the fringe of civil society and allow them to secure or possibly even to improve their livelihood. In this context, savings banks were just like orphanages, social and philanthropist institutions. They were part of the 'Policey' (public administration) and interior administration organized by the 'Landesherr' (sovereign), of ecclesiastical pastoral care and private social commitment

\* I am especially indebted to Dr. Thorsten Wehber (Wissenschaftsförderung der Sparkassen-Finanzgruppe e.V., Bonn) who advised the development of my studies about the history of saving banks in the 18<sup>th</sup> and 19<sup>th</sup> century.

by wealthy noble and upper middle class ‘philanthropists’, who either supported their fellow human beings independently or through associations.

Aside from this traditional complex of 18<sup>th</sup> century social policy, another crucial, in this case communal, aspect emerged between 1800 and 1838. In the context of the Prussian reforms since 1806, savings banks were seen as instruments of communal restructuring and economic reforms. Because of the close link between Bürgerrecht (civic rights) and property qualifications in Stein’s Städteordnung of 1808, the new municipal constitutions attributed particular importance to savings banks. From this point on, the ‘common good’ is no longer organized by the ‘Landesherr’ or private citizens, but becomes integrated into the official functions of communal self-government. Thus the Städteordnung acts as a trigger for the development of savings banks. Sociopolitical and communal tasks are intertwined with trade and business, such as securing the livelihood of craftsmen and small businesses or increasing the credit rating of companies. From this perspective, savings banks actively participate in reconstructing and restructuring Prussia on the basis of communal self-government and the ‘common good’.

There is evidence that Stein, who initiated the 1808 Städteordnung,<sup>1</sup> had become aware of these new potential effects by the 1820s. This is indicated by a previously unknown source, which this paper will present for the first time: A hand-written report by Karl Knoblauch, Privy Financial Councilor and City Councilor of Berlin, that he sent to Stein in 1826. The report demonstrates Stein’s cleverness in embracing the modern institution of the savings bank, employing its energies and potentials for overcoming the socioeconomic crisis in the first quarter of the 19<sup>th</sup> century.

## II. The Enlightenment as a Push for Innovation, 1778-1808

The historian Josef Wysocki once wondered about why, in particular, the first savings banks were created in the last quarter of the 18<sup>th</sup> century. Underlining the importance of this question, he stated, “*If we succeeded in clearly attributing it to the Enlightenment, we could finally content ourselves with the explanation that this immense stream of ideas also carried the concept of savings banks, and brought it into reality.*”<sup>2</sup> However, for lack of relevant sources, Wysocki doubts that the Enlightenment was the primary reason for the development of savings banks. He therefore concludes that the reasons why the first savings banks came into being within two decades must remain open.

In the past two decades, a number of studies have been published on the link between the savings banks idea and the Enlightenment.<sup>3</sup> One of them is from Peter Borscheid,

1 About Stein see the fulminant work of Heinz Duchhardt, *Stein. Eine Biographie*. Münster 2007.

2 Josef Wysocki, *Untersuchungen zur Wirtschafts- und Sozialgeschichte der deutschen Sparkassen im 19. Jahrhundert* (Gesellschaft zur Förderung der wissenschaftlichen Forschung über das Spar- und Girowesen, Forschungsberichte 11). Stuttgart 1980, pp. 22 et seq.

3 Franklin Kopitzsch, *Sparkassenrealität und Sozietätsbewegung im Zeitalter der Aufklärung*, in: Manfred Pix (Ed.), *Historische Marktanalyse, frühe Sparkassenideen. Utopie und Realität* (Sparkassen in der Geschichte 2). Neustadt a. d. Aisch 1984, pp. 123-156; Michael Schaich, *Spargedanke und Sparkassenidee im Schrifttum bayerischer Aufklärungssozietäten und Vereine*, in: *Zeitschrift für bayerische Sparkassengeschichte* 7 (1993), pp. 13-49; Ernst Schubert, *Bettler und arme Leute. Existenznot und*

a social and economic historian in Marburg, who, in his inspiring paper ‘The Common Intellectual Roots of Insuring and Saving’ identifies the Enlightenment as the main framework for the early foundations of savings banks. He writes that insurance companies and savings banks sprang out of the will to “*use intelligent solutions to ensure a maximum of security for specific, relatively clearly defined situations in risky societies*”, instead of simply “*trusting in God*”.<sup>4</sup>

During the Enlightenment, it was not only individuals who sought wealth and happiness in this life, but also governments, increasingly trying to calculate and plan the prosperity of society. They therefore had to take targeted measures in order to reach specific goals such as poverty reduction.

While most research has been postulating a linear course of the (communal) savings banks history,<sup>5</sup> this paper will show that two different traditions must be distinguished. Both the Göttingen savings bank of 1801 and the Berlin savings bank of 1818 are communal institutions, but they were founded on different ideas. The savings bank in Göttingen was entirely rooted in ‘enlightened absolutism’, while the one in Berlin rested on the grounds of a new age, being inspired by English and Swiss models instead of that in Göttingen.<sup>6</sup>

## 1. The Profile of Enlightened Savings Banks

Carl August von Malchus, author of the first monograph on savings banks published in 1838, reflected that savings banks were founded on a primarily Christian and social philosophy of life. He writes: “*The first savings banks were called into being by the humane efforts of well-meaning philanthropists.*”<sup>7</sup> More often than not, savings banks were considered to be social institutions, on a par with orphanages, fire insurance societies, etc. Looking at some statements on savings banks from the time of the Enlightenment, we can see that, before 1808, savings banks were primarily targeted towards the poor and the disadvantaged by an elite minority.

In the 17<sup>th</sup> and 18<sup>th</sup> century, scientific disciplines dealing with poverty and thereby also with savings banks included the science of ‘policy’ (Polizeywissenschaft), ‘state economy’, as well as ‘statistics’ (that is political arithmetic) and ‘state description’ (that is political science). Because of their practical outlook, they had reached a prominent position within the German scientific landscape, with researchers at various academies

Fürsorge in Franken und Bayern des 18. und 19. Jahrhunderts, in: Zeitschrift für bayerische Sparkassengeschichte 8 (1994), pp. 7-21.

4 Peter Borscheid, Die gemeinsamen geistigen Wurzeln von Versichern und Sparen, in: Zeitschrift für bayerische Sparkassengeschichte 12 (1998), pp. 7-27, esp. p. 7.

5 See for example Jürgen Mura, Entwicklungslinien der deutschen Sparkassengeschichte (Sparkassen in der Geschichte, Abteilung 3: Forschung 2). Stuttgart 1994, p. 26.

6 The model of the Berlin savings bank seems to be the savings bank of the Principality of Neuchâtel in the Swiss canton Neuenburg. See Adolf Trende, Aus der Werdezeit der Provinz Westfalen. Münster 1933, p. 327.

7 Carl August von Malchus, Die Sparcassen in Europa. Vollständiger Nachdruck der Originalausgabe von 1838 mit einer Einführung von Manfred Pix und Josef Wysocki (Sparkassen in der Geschichte, Abteilung 2: Reprint 4). Stuttgart 1994, p. III.

and universities debating the pros and cons of social institutions such as poorhouses, orphanages or mental asylums.

As early as 1779, the German cameralist Johann Friedrich von Pfeiffer (1718-1797) writes in his 'Policeiwissenschaft': "*I am not aware of anything more sensible and creditable than saving money in good days, in order to avoid suffering misfortune in such times as many may consider more disagreeable.*"<sup>8</sup> According to Franklin Kopitzsch, that work includes the earliest reference to the German term 'Sparkasse' (savings bank),<sup>9</sup> because Pfeiffer commends the founding of municipal and rural savings banks that employees and employers are supposed to deposit a certain sum of money into. From his point of view, a savings bank is an institution for the accumulation of capital, benefiting savers in 'vexed times' and in the case of accidents.

More recent analyses show that in his deliberations Pfeiffer was inspired by perhaps the most renowned German economist and 'policy' scientist of his time – namely Johann Heinrich Justi (1720-1771). Justi addressed himself to the task of savings banks as early as 1761, using the term 'Sparkasse', literally. This further expands upon the statement by Kopitzsch. In Justi's work 'Die Grundfeste zu der Macht und Glückseligkeit der Staaten oder ausführliche Vorstellung der gesamten Polizeiwissenschaft' (The foundation of the power and prosperity of states or a detailed presentation of the entire science of 'policy') he explains his concept of savings banks, which was strongly influenced by the reality of mining and foundry workers of his time. In a text passage that has previously been unknown to the research community he considers the miners' health insurance and pension scheme as a model for savings banks. He writes: "*In my opinion you can find an institution in respectable mines that can serve as a model: Those are health insurance and pension schemes, to which each miner and foundry worker must contribute a small part of their salary, and the mining companies put in the profits of different distributions that they cannot use for themselves. These insurance schemes not only have to support workers that suffer from poor health due to illnesses that are common at mines and foundries, or those that have grown old and unfit for work, but they also pay a weekly contribution for their maintenance when the mine shut down and the miners lose their work. [...] Right on! Let us create a common manufacturing fund for the poor in every big city where manufactories are thriving, to which each worker has to contribute only six 'Pfennige' [pennies] every week and two 'Groschen' [20 pennies] monthly. This will hardly be difficult for him, and it is a 'Spahr-Casse' [savings bank] for future emergencies and accidents, which, in any event, a reasonable person has to think about.*"<sup>10</sup>

At the time, the University of Göttingen, founded by the English King in 1737, was the best-known institute for tackling questions on the relationship between state and society

8 See Kopitzsch, Sparkassenrealität (cf. note 3), p. 128; Borscheid, Wurzeln (cf. note 4), p. 16.

9 Kopitzsch, Sparkassenrealität (cf. note 3), p. 129.

10 Justi suggests the foundation of savings banks modeled on miners' health insurance and pension schemes as well as manufactories' anti-poverty funds. Workers are supposed to pay six 'Pfennige' (pennies) and two Groschen (20 pennies) per month into this fund, in order to secure themselves against accidents, unemployment etc. See Johann Heinrich Justi, Die Grundfeste zu der Macht und Glückseligkeit der Staaten oder ausführliche Vorstellung der gesamten Polizeiwissenschaft, vol. 2. Königsberg / Leipzig 1761 [Reprint Aalen 1965], pp. 408 et seq. (The foundation of the power and prosperity of states or a detailed presentation of the entire science of 'Policy'), which deals with

as well as the best civil order. This is where statistics, a predecessor of state economy and economics, was established as a university discipline.<sup>11</sup> Johann Hedinrich Justi, August Ludwig Schlözer, and Ferdinand August Lueder taught or studied in Göttingen. This kind of ‘practical Enlightenment’, embodying specific commercial and agricultural measures such as poor relief, also influenced Christian Oeder, who was involved in conceiving the savings banks in Hamburg and Oldenburg.<sup>12</sup>

A great authority on statistics was the Göttingen Professor August Ludwig Schlözer.<sup>13</sup> He had been continuing the research of his mentor Gottfried Achenwall since the 1770s, but only published his successful ‘Theory of Statistics’ in 1804, which was also translated into French and Dutch. His students included designated ‘Landesherrn’ as well as future civil servants, members of the magistracy, pastors and researchers from all over Europe.

Starting in 1775, aside from teaching and researching, Schlözer published the well-read magazine ‘Briefwechsel’ (after 1782 ‘StatsAnzeigen’). It was a public, supra-regional forum for exchanging opinions, commentaries and concepts, among others on the reform of poor relief. The seventh issue of the ‘StatsAnzeigen’ (1783) published an excerpt of the plan for the ‘Anordnung der in Hamburg errichteten Allgemeinen VersorgungsAnstalt’ (The introduction of a mutual aid society in Hamburg) (second edition, 1779). The plan included the establishment of an ‘Ersparnisklasse’ (savings group), which the research community today considers to be the first savings bank as such.<sup>14</sup> In a comment on the Hamburg plan Schlözer specifically pleaded for the establishment of savings banks, justifying his position by saying that they help to augment capital and to reduce careless spending. On the one hand, savings banks had the potential to produce fast riches without hard work and efforts by the individual. But this is precisely why they clashed with the morals of those times. Savings banks, on the other hand, were endorsed as a vehicle against the temptations of luxury and immoderate behavior.

Among Schlözer’s students who would later work on the subject of savings banks, were the Prussian State Minister Karl vom und zum Stein, the future Prussian State Councilor and Oberpräsident (superior president) Johann August Sack and also Carl August (v.) Malchus. The latter attempted to uphold Schlözer’s heritage in statistics and methodology. In 1838, Malchus wrote ‘Die Sparcassen in Europa’ (1838), the first systematic and comprehensive monograph on savings banks. It comprises a collection of the

domestic government, civic virtues, homeland security, efforts to prevent fire blasts, opulence, care for the poor and, in particular, the ‘Stadt-Policey’ (municipal policy) as well as practical insight into the science of ‘Policey’; Martin Peters, *Vorsorgen – Leihen – Sparen. Die ‘Gemeinnützigkeit’ der Sparkassen in der Vormoderne 1760-1840*. Hamburg 2006, pp. 28-32.

- 11 Mohammed Rassem / Justin Stagl (Eds.), *Statistik und Staatsbeschreibung in der Neuzeit vornehmlich im 16.-18. Jahrhundert. Bericht über ein interdisziplinäres Symposium in Wolfenbüttel, 25.-27. September 1978 (Quellen und Abhandlungen zur Geschichte der Staatsbeschreibung und Statistik 1)*. Paderborn / München / Wien / Zürich 1980.
- 12 Carl Haase / Gerd Wietek (Eds.), *Festschrift der Landessparkasse zu Oldenburg. Aus Anlaß des 175jährigen Bestehens*. Oldenburg 1961, pp. 67-76.
- 13 Martin Peters, *Altes Reich und Europa. Der Historiker, Statistiker und Publizist August Ludwig (v.) Schlözer (1735-1809) (Marburger Schriftenreihe zur Frühen Neuzeit 6)*. Münster / Hamburg / London 2003.
- 14 Haase / Wietek, *Festschrift* (cf. note 12), pp. 51-95; Kopitzsch, *Sparkassenrealität* (cf. note 3), p. 130.

savings banks statutes that had been founded up until 1838.<sup>15</sup> As a side note it should be mentioned that in his student years, Malchus transferred from Heidelberg to Göttingen in 1789/90. Around the same time, the future Senator of Göttingen and savings banks founder Grünewald was registered at that university, studying jurisprudence, constitutional law and also statistics. Starting in 1796, Grünewald was drawing up the ‘Plan über die Einrichtung einer Spar- und Leih-Casse zu Göttingen’ (Plan for instituting a savings and loan bank in Göttingen).<sup>16</sup>

Back to Schlözer and his reason for advocating savings banks. Schlözer was convinced that savers could be taught to treat their property in a sensible, wise and ‘Enlightened’ way, if they voluntarily handed their money over to an institution. The spatial distance from it would automatically limit their full and spontaneous power of disposition over the capital.<sup>17</sup> This way of thinking continued to dominate up until the end of the 19<sup>th</sup> century. In his repeatedly reprinted textbook ‘The first Elements of Social Economics’ (1893), for example, the Italian Luigi Cossa wrote the following on the subject of savings banks: “*For some people, the mere fact of not having their spare money at their capricious disposal turns out to be a great blessing, because it keeps them from thoughtless spending that might even be harmful to their health and fitness for work.*”<sup>18</sup>

Savings banks were for Schlözer an ‘Enlightened’ instrument to optimize the people’s behavior when dealing with money. By virtue of putting the money out of their owners’ immediate reach, savings banks fed into Schlözer’s and other Enlighteners’ hopes that this could contribute to an increase of private households’ (monetary) capital. This type of Enlightenment, however, hardly taught a mature and emancipated handling of money. It rather created, with the help of savings banks, a controlling authority pursuing a financial, ethical and educative mission. This also becomes obvious in the statutes of the original savings banks (‘Ursparcassen’) in Hamburg, Oldenburg, Kiel, Altona, Göttingen and Darmstadt.

## 2. The Original Savings Banks

The Hamburg ‘Ersparungsklasse’ of 1778 was the ninth of a total of twelve groups within the ‘Allgemeine Versorgungsanstalt’ (among others such as the life annuity group, widows group, orphanage group and funeral group), which was founded by the ‘Patriotische Gesellschaft’ (patriotic society). Its members were part of a circle of prominent, leading Hamburg Enlighteners. According to the documents of the ‘Patriotische Gesellschaft’, this original savings bank addressed both men and women, who lived exclusively on a salary for their labor and who wanted to build up capital for times when, due to aging,

15 On Malchus see Manfred Pix / Josef Wysocki, Zur Einführung, in: Carl August von Malchus, Die Sparcassen in Europa. Vollständiger Nachdruck der Original-Ausgabe von 1813 (Sparkassen in der Geschichte, Abteilung 2: Reprint 4). Stuttgart 1994, pp. 7-95.

16 Karl Heinrich Kaufhold (Ed.), 200 Jahre Sparkasse Göttingen. Älteste deutsche kommunale Sparkasse, 1801 bis 2001. Stuttgart 2001, pp. 30-67.

17 Haase / Wietek, Festschrift (cf. note 12), S. 72; Kopitzsch, Sparkassenrealität (cf. note 12), p. 130.

18 Luigi Cossa, Die ersten Elemente der Wirtschaftslehre. Nach der neunten Auflage der Primi Elementi di Economia Sociale. Freiburg im Breisgau <sup>2</sup>1893, p. 112.

they would no more be suitably fit for work.<sup>19</sup> The Ersparungsklasse was not a savings bank in the modern sense, but rather an institute for preventing poverty in old age. It was therefore comparable to a private pension scheme.

While the Hamburg Versorgungsanstalt was a private endeavor, the Oldenburg Ersparungskasse of 1786 was a quasi-public institution organized by the ‘Landesherr’. Just like the one in Hamburg, the Oldenburg savings bank addressed individuals who should use their “*small gain above their meager daily needs*” that they managed to save “*through diligence and hard work*” for future needs, collecting some interest without the danger of losing the money. The Oldenburg savings bank was specifically assigned to the city’s Bureau of Poor Relief. The church parishes’ directories for the poor were assigned to collect the deposits and pay them out respectively. The close link to the church resulted from the fact that it was naturally involved in pastoral care and poor relief.

The Spar- und Leihkasse Kiel (savings and loan bank) of 1796 was equally founded on sociopolitical ideas. Similar to Hamburg it was a private association, the ‘Gesellschaft freiwilliger Armenfreunde’ (association of voluntary friends of the poor), which was concerned with poor relief. The comprehensive preamble defined its purpose as offering “*help to help yourself*” and supporting those “*cared for*” in escaping from their “*state of immaturity and dependence*”. On the one hand, it aimed to help the receivers of alms to make their own living and integrate into the civil order. On the other hand, it also supports citizens who could not maintain their status in the civil order. The association therefore regarded the savings bank in Kiel as an institute for balancing and equalizing the social hardships and injustices of civil society. It primarily opposed the so-called usury. Similar to the savings bank in Hamburg, the institute in Kiel intended to encourage parsimony and diligence.

Another one of the ‘Enlightened’ original savings banks is the Altonaer Sparkasse of 1801, founded by the ‘Altonaer Unterstützungsinstitut’ (institute for mutual assistance) that had been created in 1799. The goal was to support craftsmen and artists, who had run into difficulties through no fault of their own, with credits, and to reward honest domestics with bonuses.<sup>20</sup> The Hamburger Ersparungsklasse was considered to be the model for the Altonaer savings bank.<sup>21</sup> Unlike the statutes of other savings banks, however, the preamble of the Altonaer Unterstützungsinstitut was full of religious terminology. It called for charity as well as “*affectionate sympathy and lived compassion against poverty, which is sighing under the pressure of misery*”. The goal was also to unburden the state and convert the “*helpless beggars*” into “*active fellow citizens*”. The savings bank addressed only people who were unmarried, in the process of opening their own business or unable to work in old age.

The communal Göttinger Spar- und Leihkasse of 1801 was equally concerned with encouraging diligence, parsimony and prosperity of its citizens and residents. But contrary to the other savings banks, the Göttinger Spar- und Leihkasse targeted all residents

19 Hans Poeschel, Die Statuten der Banken, Sparkassen und Kreditgenossenschaften in Hamburg und Altona von 1710 bis 1889 (Rechtshistorische Reihe 2). Frankfurt am Main / Bern / Las Vegas 1978, pp. 12, 147 et seq.

20 Ibid., p. 15.

21 Ibid., p. 16.

who intended to invest certain sums of capital.<sup>22</sup> The savings bank in Göttingen did not pursue a specific sociopolitical goal, but was rather one of several elements for reorganizing the university town's budget. It was not, as in Prussia after 1808, independently created by the city, but remained under the auspices of the Government of Royal Great Britain and the Electorate of Braunschweig-Lüneburg. Even if it attempted to reach just about every citizen, independent from his fortune, the government put some emphasis on the sociopolitical effect of the institution. The Privy Councilor Kielmannsegge underlined how the poor could 'benefit' from the savings bank. He writes: "*The execution of the proposed plan appears to be of utmost importance, in order to awaken a spirit of thrift in the lower classes and to allow the people of the latter to securely deposit small sums. Similar institutions have already proven the most charitable influences in several countries and cities.*"<sup>23</sup>

As in the case of Oldenburg, it was the 'Landesherr' who founded the Ersparungskasse Darmstadt, the last in the series of 'Enlightened' savings banks. Unlike the Göttinger Spar- und Leihkasse, the one in Darmstadt only targeted inhabitants without significant means, that is poorer classes, "*who can only put aside little of their paltry income for the time of greater needs*".<sup>24</sup>

### III. Savings Banks in the Context of the Reform Period, 1808-1838

So far, savings banks have been called the 'Children of the Enlightenment'.<sup>25</sup> Still, this begs the question why there were not many more savings banks before 1808? In Prussia – and this is what the following will elaborate – the Städteordnung of 1808 obviously promoted the creation of savings banks, providing considerable new room to maneuver for municipalities.

#### 1. The Sparkassenreglement of 1838

The following brief sketch of the 1838 Sparkassenreglement, which defined communal savings banks from the state's perspective for the first time, helps to illustrate the concept of savings banks in the early 19<sup>th</sup> century.<sup>26</sup>

The 'Reglement die Einrichtung des Sparkassenwesens betreffend' (Regulation concerning the establishment of savings banks) of December 12<sup>th</sup>, 1838, calls savings banks

22 On the trick of combining the savings bank with a credit bank, see Kaufhold, Sparkasse Göttingen (cf. note 16), p. 44 et seq.

23 Ibid., p. 39.

24 Wysocki, Untersuchungen (cf. note 2), p. 215.

25 Wilfried Esser, Die Entwicklung des Sparkassenwesens in Preussen bis zum Beginn des 20. Jahrhunderts (Gesellschaft für Wirtschafts- und verkehrswissenschaftliche Forschung e.V. Bonn, Abteilung Spar-, Giro- und Kreditwesen 35). Königswinter et al. 1979, p. 16.

26 Adolf Trende has retraced the history of the origins of the Sparkassenreglement using a wealth of original sources. According to his research, the push for legislation goes back into the year 1828, when, in front of the Ministers v. Schuckmann and v. Motz, the Silesian Oberpräsident v. Merckel voiced his

a “*useful institution*”. This is how the Prussian King Frederick William put it in the preamble. In § 4c this usefulness is specified: Savings banks serve a specific sociopolitical purpose, namely to “*be primarily tailored towards the needs of the poorer classes, which shall be given the opportunity to put money into small savings*”. Both during the Enlightenment and at the beginning of the 19<sup>th</sup> century, savings banks were assigned the task to help relieve “*momentary plight*”. The Sparkassenreglement thus entirely adopts the concepts of savings banks during the Enlightenment.<sup>27</sup> Moreover, savings banks pursued a pedagogic purpose that has also been developed during the Enlightenment. The “*poorest classes*” should be offered the opportunity to “*securely invest even the smallest savings, thereby eschewing the temptation to spend it without a pressing need*” (§ 11). The idea was to rationalize the way people were dealing with money.

Despite this proximity to the ‘Enlightened’ savings banks, there is a fundamental difference: The regulation describes savings banks as ‘Kommunal-Institute’ (§ 19). Those savings banks were not ‘Children of the Enlightenment’, but institutions of self-government and therefore establishments of the municipality as a whole. Stein’s Städteordnung of 1808 was the basis for this. It articulated the principle of self-government in a new way.

## 2. Karl vom und zum Stein and the Städteordnung of 1808

‘Stein’s Städteordnung’, says the historian Heinrich Treitschke, “*is the starting point for German self-government.*”<sup>28</sup> Even contemporary voices confirmed that it turned the Prussian City into a home for emerging freedoms and codetermination.<sup>29</sup> “*Trust ennobles man, eternal guardianship stifles his maturation*”. This was how Johann Gottfried Frey, Privy War Councilor and Police Director of Königsberg, introduced his expert opinion

concern about the practice that savings books were issued in the owner’s name. In 1836, a ministerial decree thus ordered an investigation and required the Oberpräsidenten of the Prussian provinces to report on the savings banks in their provinces. In his report, v. Merckel pleaded for issuing the books in the name of the depositor. Adolf Trende, *Geschichte der deutschen Sparkassen bis zum Anfang des 20. Jahrhunderts. Vollständiger Nachdruck der Original-Ausgabe von 1957 mit einer Einführung von Josef Wysocki (Sparkassen in der Geschichte, Abteilung 2: Reprint 3). Stuttgart 1993, p. 108-111.*

- 27 To a certain extent, it touches on the principle of the common good, which is reflected in the ideas on parsimony and making provision for the future. Therefore the ‘Reglement’ of 1838 continues a long and proven tradition. As the historian Peter Blickle has shown, the common good has been used to legitimize communal statutes since the Middle Ages and into the early Modern Age. He writes: “*The common good is not a rhetorical figure alone [...], but rather has a solid ethical core, in that it means to promote peace on the one hand and to secure a reasonable livelihood on the other.*” See Peter Blickle, *Einführung. Mit den Gemeinden Staat machen*, in: id. (Ed.), *Gemeinde und Staat im Alten Europa (Historische Zeitschrift, Beiheft N.F. 25)*. München 1998, pp. 1-20, esp. p. 9; see also id., *Kommunalismus. Skizzen einer gesellschaftlichen Organisationsform, Vol. 2: Europa*. München 2000, pp. 195-222.
- 28 August Krebsbach, *Die Preußische Städteordnung von 1808. Textausgabe mit Darstellung der Grundlagen und Entstehung der Städteordnung sowie der Fortentwicklung des preußischen Städterechts*. Stuttgart 1970, p. 31.
- 29 Ilja Mieck, *Die verschlungenen Wege der Städtereform in Preußen (1806-1856)*, in: Bernd Söseemann (Ed.), *Gemeingeist und Bürgersinn. Die preußischen Reformen (Forschungen zur Brandenburgischen und preußischen Geschichte N.F. 2)*. Berlin 1993, pp. 53-83, esp. p. 53.

‘Die künftige Organisation der Kommunalverwaltungen’ (The future organization of communal administrations) in 1807, which was the foundation for the famous Städteordnung of 1808.<sup>30</sup> It did not specifically contain the term ‘savings bank’. But the reorganization of the municipal and communal constitutions can be interpreted as a booster for the establishment of communal savings banks. It was Stein, who, with his Städteordnung of 1808, articulated the principles of self-government and the common good that would spark the development of modern savings banks about ten years later. Paul Thomes correctly points out: *“In conjunction with additional criteria, such as the close interweaving of municipalities and poverty relief, Stein’s Städteordnung has probably prepared the ground for the typical communal organization of the Prussian savings banks.”*<sup>31</sup>

It is not surprising that less than a decade later the Assembly of City Delegates initiated the foundation of the first savings bank in Prussia. The bank, established in 1818 in Berlin, strongly drew on the ideas of the 1808 Städteordnung. One can describe it as a municipal institution, which is the innovative result of the reorganization of communal self-government by Stein.

So far, a systematic account of the connection between the reform period and the history of savings banks does not exist. Still, as early as 1907, the Privy Government Councilor in the Prussian Interior Ministry, Hugo von Knebel Doeberitz, referred to the Städteordnung of 1808, emphasizing its specific impact on the founding days of savings banks.<sup>32</sup> In fact, the topic seems more than obvious. Already a fairly long time ago, Adolf Trende had pointed to the savings banks-related activities of the Westphalian Oberpräsident and reformer Ludwig Freiherr Vincke, a close confidant of Stein, who will later be elaborated on in more detail.<sup>33</sup>

Stein’s Städteordnung of 1808 transferred poor relief away from the state to the citizens’ area of competence. Stein wanted to inspire public spirit and charity among the citizens (§ 179c). The Städteordnung obliged the municipalities’ authorities to the ‘common good’. This was how it increased their room for maneuver, at least according to its objective as stated in the preamble: *“to give cities a more independent and improved constitution, [...] confer on them an active role in the administration of the polity, thus inciting and maintaining a public spirit by virtue of participation”*.<sup>34</sup>

For the first time, the Städteordnung of 1808 granted the city autonomy over its finances. When the new members of the magistrate were elected in Berlin, half a year after the Städteordnung had come into force, there were no personnel changes, but new objectives, regulations, guidelines, areas of responsibilities and competencies. The rela-

30 Krebsbach, Preußische Städteordnung (cf. note 28), p. 26.

31 Paul Thomes, Die Diffusion der Sparkassen in Preußen, in: Manfred Pix / Hans Pohl (Eds.), Invention – Innovation – Diffusion. Die Entwicklung des Spar- und Sparkassengedankens in Europa. Zweites Europäisches Kolloquium für Sparkassengeschichte am 28./29. Mai 1990 in München (Vierteljahrsschrift für Sozial- und Wirtschaftsgeschichte, Beiheft 103). Stuttgart 1992, pp. 187-205, esp. p. 195.

32 Hugo von Knebel Doeberitz, Das Sparkassenwesen in Preußen. Berlin 1907, p. 5.

33 Trende, Werdezeit (cf. note 6), pp. 327-356; with regard to Vincke Hans-Joachim Behr / Jürgen Kloosterhuis (Eds.), Ludwig Freiherr Vincke. Ein westfälisches Profil zwischen Reform und Restauration in Preußen (Veröffentlichungen der staatlichen Archive des Landes Nordrhein-Westfalen, Reihe C: Quellen und Forschungen aus den staatlichen Archiven 34). Münster 1994.

34 Krebsbach, Preußische Städteordnung (cf. note 28), p. 49.

tionship between state and citizen, city and state had changed. The judiciary and police authorities, for instance, were handed over to the state. Stein's Städteordnung gave the city a new – albeit not consistently modern<sup>35</sup> – face.

The Städteordnung was new in that it redefined the citizen and the Bürgerrecht. From this point on, a citizen was some one who was awarded the Bürgerrecht. In German constitutional practice, this was a previously unknown standardization. You did not become a citizen by birth or behavior, but instead through a specific selection procedure.<sup>36</sup>

The competence for awarding the Bürgerrecht was held by the city, and specifically the magistrate. The conditions for becoming a citizen were quite new: The applicant had to be a permanent resident of the city and lead a 'reputable life'. Sex, class, birth, religion and marital status were not supposed to play a role. Aside from an ethically responsible record, property and wealth were another prime criteria. Anybody who was engaged in a municipal trade or acquired municipal land, not only had the right to apply for the Bürgerrecht, but was even obliged to do so. This is reminiscent of August Ludwig Schlözer, Stein's teacher in Göttingen, and his constitutional law that not only identified civic rights but also civic duties. Stein did the same on the municipal level, specifying both rights and duties. Although all citizens were supposed to be equal before the law, a number of qualifications were made – which is another parallel to Schlözer's constitutional law. One of the historical roots of Stein's Städteordnung is Schlözer's motto "*vires unitae agunt*", which means the joining of all the state's powers and resources for united, target-oriented action.

It was crucial for the development of savings banks in Prussia that all the city's communal and public institutions and foundations (which savings banks were part of) were under the supervision of the municipality (§ 55). The 1808 Städteordnung gave municipal delegates the unlimited legal authority to see to all the "*common affairs*" in representation for the community (§ 108). The municipal delegates also received the right (§ 170) to request the introduction of new institutions. With the help of this section, Stein opened the door for the creation of new communal institutions such as the savings bank. He put existing and future municipal institutions, thus indirectly the savings bank, under the custody of the citizens and the "*public interest*" (§ 179c).

But was Stein at all familiar with savings banks? Was the former State Minister even aware of these new institutions, of which only few existed before 1808, namely in Hamburg, Oldenburg, Altona, Kiel and Darmstadt? Up to now, historical references that would clearly point to Stein's early interest in savings banks have not been found. However, some circumstantial evidence indicates that he was conscious of them before 1808: Stein went to university in Göttingen at the beginning of the 1770s, and it seems likely that

35 Paul Nolte, Staatsbildung als Gesellschaftsreform. Politische Reformen in Preußen und den süddeutschen Staaten 1800-1820 (Historische Studien 2). Frankfurt am Main / New York 1990; Sösemann, Gemeingeist (cf. note 29); Heinz Duchhardt / Karl Teppe (Eds.), Karl vom und zum Stein. Der Akteur, der Autor, seine Wirkungs- und Rezeptionsgeschichte (Veröffentlichungen des Instituts für Europäische Geschichte Mainz, Abteilung für Universalgeschichte, Beiheft 58). Mainz 2003; Duchhardt, Stein (cf. note 1).

36 It is worth mentioning that this civil constitution did not create uniform civil rights applying to all inhabitants, as it distinguished between citizens and 'Schutzverwandte' (protected citizens with restricted rights).

the former student of Schlözer would have informed himself on the relevant debates at the time. Schlözer's 'Stats Anzeigen' were widely read, obviously also in Prussia and Westphalia, from where aristocrats, ministers and senior civil servants sent historical, political, statistical and economic news to Schlözer for publication.

Stein's position towards savings banks has not been subject to research, yet. Looking at the published and unpublished Stein estate, however, it becomes obvious that the reformer acted as a confidential contact for private savings banks founders in the third decade of the 19<sup>th</sup> century, thus cultivating a network, which allowed for a certain exchange of information among them. The Stein estate contains, for example, a printed notice announcing the establishment of an interest-bearing savings bank in Frankfurt/Main by the 'Frankfurtische Gesellschaft zur Beförderung nützlicher Künste und deren Hülfs-Wissenschaften' (Association for the promotion of useful arts and affiliated sciences). The announcement dates from May 17<sup>th</sup>, 1822, and is signed by Wöhler, the association's secretary.<sup>37</sup> Another example of Stein's involvement in the founding of savings banks dates from the same year. On January 22<sup>nd</sup>, 1822, Stein's friend Friederike Gräfin von Reden (1774-1854)<sup>38</sup> wrote the following lines to the State Minister: "*I now have one request; I am reading today that in Augsburg, a published table on interest payments for the lowest up to the highest capital invested at the savings bank, which the banker Schätzler founded there, is available – could you try to procure one for me and mail it soon? Until February 4<sup>th</sup> to this address – later to Buchwald? – on April 23<sup>rd</sup> my savings bank for the community there will be inaugurated [...]. – I am highly interested in the institution –.*"<sup>39</sup>

Stein himself concerned himself with savings banks at that time, intending to integrate them in his Städteordnung. In his memorandum "*Über die Städte-Ordnung des II. [sic. 19] November 1808*", written down in 1826, Stein discussed criteria for accepting new citizens into a city, demanding that they have property and are able to engage in a trade. According to Stein, it was the magistrate's duty to verify that the conditions were met. In this context, he argued in favor of savings banks, writing that the rule to deposit money in a savings bank for becoming a citizen would make sense.<sup>40</sup>

Stein viewed savings banks as municipal institutions that should assist in checking the conditions for the acceptance of new citizens, recommending savings banks as suitable institutions for securing the Bürgerrechte. For Stein, savings banks were to a certain extent collection points of 'civil' fortunes. He thus steered the discussion into a completely new direction, moving it away from the poverty debate of the Enlightenment. While still

37 Westfälisches Archivamt, Graf Kanitz Nr. NI Stein 328, Errichtung einer zinstragenden Sparkasse in Frankfurt a.M.

38 Gräfin von Reden was very committed socially as well as culturally. After the death of her husband, Friedrich Wilhelm Graf von Reden, she managed the 'Bibel-Gesellschaft' (bible society), founded in Buchwald Castle in 1815, and published 6.000 bibles, which she distributed in Silesia. She also founded and managed old people's homes and youth centers at her own cost. In the famine year 1817 she organized soup kitchens. In 1827 she supported the spinning trade by buying flax at low cost and purchasing the yarn from the spinners at higher prices.

39 Westfälisches Archivamt, Archiv Graf v. Kanitz C I Nachlass Stein C I 21-123, Frau von Reden an Stein, den 22. Januar [18]22.

40 Denkschrift Steins 'Über die Städte-Ordnung dd. 11. November 1808' – Auszug – Cappenberg, September 1826, in: Erich Botzenhart / Gunther Ipsen (Eds.), Freiherr vom Stein. Ausgewählte politische Briefe und Denkschriften. Stuttgart et al. 2<sup>1986</sup>, p. 437-440.

in Schlözer's times, it focused on sociopolitical and ethical aspects, Stein was more concerned with the creation of a new civil order, in which savings banks played an important functional role.

A handwritten commentary to Stein's memorandum of September 1826, which was previously unknown to the scientific community,<sup>41</sup> illustrates the extent to which the position of savings banks was discussed in Stein's Städteordnung and what far-reaching plans were foreseen at the time. The author of the commentary, Privy Financial Councilor Carl Friedrich Wilhelm Knoblauch (1793-1859), owned a silk factory and was City Councilor of Berlin for a while. One of the reasons for Stein's and Knoblauch's intense involvement in the issue of savings banks was the cabinet order of June 28<sup>th</sup>, 1826, which outlined the guidelines for 'öffentliche Leihanstalten' (public loan institutes). On October 29<sup>th</sup>, 1826, Knoblauch wrote his "*comments to the attached, highly estimable memorandum on some necessary modifications of the Städte-Ordnung*", which the State Minister Stein had undertaken in September 1826 and opened for discussion. In his comment, Knoblauch focused on economic issues, among others the difficulty of verifying the results of businessmen, which constituted a prime criterion for the Bürgerrecht.

Knoblauch discussed the question whether or not it was more useful to the entrepreneur to invest his money profitably in a savings bank or to put it into his business. While Stein argues that businessmen should put their money on a savings account to secure their capital, Knoblauch distinguishes between two professional groups within the trades. In his opinion, craftsmen should invest their money, whereas small businessmen would profit more from the services of savings banks:<sup>42</sup> "*Von diesen Forderungen [eines Fähigkeitsnachweises für Gewerbetreibende] abzustehen, halte ich für ganz unmöglich, wenn und so lange man überzeugt sein muß, daß die Totalität der Bürger und Gewerbetreibenden in ihrer Ausbildung noch sehr zurück ist. Es ist dies das einzige Mittel, um einen Trieb nach höherer Geschicklichkeit und nach gemeinnützigen Kenntnissen von unten aus in erfolgreiche und durchgreifende Anwendung zu bringen. – daß sich allgemeingültige Normen für die Nachweisung der Fähigkeit zum Gewerbebetriebe auffinden lassen, halte ich für ganz unmöglich, und da ich mir die Gewinnung des Bürgerrechts außer Verbindung mit einem Gewerbe-Verhältniß, im Ganzen gar nicht denken kann, so scheinen mir auch die S. 23 in Vorschlag gebrachten Normen nicht ausreichend. Einen Handwerker, der genöthigt wäre eine den Kosten des Bürgerrechts gleiche Summe in die Sparkasse zu legen, würde ein Capital entzogen, was gerade beim Beginn seines Etablissements, einen außerordentlichen Werth für ihn hat und die aufbewahrte Summe sammt dem Zinß-Ertrage,*

41 Peters, Vorsorgen (cf. note 10), pp. 74 et seq.

42 Conclusion of the German source: According to the 1808 Städteordnung, receiving the Bürgerrecht was linked to property and the profitability of one's trade. Knoblauch and Stein discussed different possibilities as to how these two conditions could be verified. For instance, should there be a uniform norm for all professional groups, or would a distinction according to the type of trade be advisable? In his comment, Knoblauch explained that a craftsman was better advised to invest his money in his shop, instead of putting it into a savings bank; small merchants, on the other side, should deposit as much money as possible into the savings bank, in order to be creditworthy. See Westfälisches Archivamt, Bestand Archiv Graf v. Kanitz, Schloss Cappenberg, Nr. C I 36a, Karl Knoblauch, Meine Bemerkungen zu der anliegenden hochschätzbaren Denkschrift über einige nothwendige Abänderungen der Städte-Ordnung, Berlin, den 29sten October 1826, pp. 125-146, esp. p. 143.

*der sich inzwischen ansammelt, fast in gar keinem Verhältniß zu dem Nutzen, der der häufige Umschlag derselben für ihn abgeworfen hätte. Was aber die dadurch einigermaßen begründete Gewährleistung für die rechtliche Handlungsweise des Mannes anbetrifft, so ist dieselbe für die bürgerliche Gesellschaft bei einem Handwerker, weit mehr durch seine 'technische' Geschicklichkeit begründet, und daher würde ich den angehenden Meister, der für den Bürgerbrief, seine häußliche Einrichtung, und zur Umschaffung der Handwerkszeuge ohnehin schon Ausgaben genug hat, die kleine Summe vielleicht sauer ersparten Geldes zum beßeren Betriebe seines Gewerbes unbedingt in Händen lassen. Die Feststellung dieser Bedingung für den Kleinhandel würde ich dagegen vortrefflich finden, ja für diese die Summe wenigstens auf das doppelte lieber um das vierfache erhöhen. Der Handel beruht wesentlich auf Credit. Wenn die Gläubiger wissen, daß die betreffende Person ein kleines Sümmchen auf der Sparkasse zu liegen hat, so vermehrt sich schon ihr Zutrauen – für den Kleinhandel ist ein verhältnißmäßig größeres Betriebskapital als bei dem Handwerker, ohnehin nothwendig und diese Bestimmung thut daher dem ehrlichen und betriebsamen Mann in diesem Verhältnisse gar keinen Abbruch.“<sup>43</sup>*

Knoblauch's commentary clearly documents that savings banks were a relevant topic for the Prussian reformists. This was especially true for Stein. He not only saw them as social welfare organizations, but furthermore as communal financial institutes that, aside from addressing the poor, were open to every citizen, whether craftsman or small businessman. Stein and Knoblauch both understood that savings banks increased the creditworthiness of those engaged in a trade. In addition, Stein attributed an important function to savings banks: In his opinion, they were suitable to assist in awarding the Bürgerrecht on the one hand (from the communities' point of view) and to secure and guarantee this Bürgerrecht on the other (from the entrepreneur's point of view).

### 3. The Westphalian Oberpräsident Ludwig Freiherr Vincke

Another promoter of savings banks in the reform period was the Westphalian Senior President Ludwig Freiherr Vincke (1774-1840), who, for a while, was a very close confidant of Stein. Many Prussian reformers at the time were fascinated by the political and social debates that were being held in England. The discussion on savings banks, too, received important inspiration from England, which had a successful movement of foundations. According to Malchus, 484 savings banks were founded in England, Wales and Ireland by 1834. As early as 1816, the members of the English parliament debated the advantages and disadvantages of public funding for savings banks. Renowned English economists such as David Ricardo and Thomas R. Malthus dealt extensively with this subject matter.<sup>44</sup>

Vincke advocated savings banks, because he viewed them as “*institutions of the public interest*”.<sup>45</sup> The Prussian Interior Minister and ultimate authority in the process of found-

43 Ibid.

44 Peters, Vorsorgen (cf. note 10), pp. 54-59.

45 Adolf Trende has provided detailed research on Vincke, who, towards the end of his life, joined the 'Centralverein für das Wohl der arbeitenden Klasse' (association for the welfare of the working classes), and his role in the founding of municipal savings banks in Westphalia. See Trende, *Werdezeit* (cf. note 6).

ing communal savings banks, Friedrich von Schuckmann, supported him in this position. In 1820, he argued for the foundations of savings banks that are initiated by the citizenry. However, he was against state initiatives.<sup>46</sup>

In his position as Oberpräsident, Vincke had control over subordinate authorities as well as “*representing the chief state authorities when implementing special orders and for handling extraordinary situations*”. Aside from that, the Prussian Oberpräsidenten were generally responsible for all Estate-related affairs, provincial institutes, security institutes, traffic, church supervision and censorship as well as having the power of decision and revision over communal authorities.<sup>47</sup>

In particular, the Oberpräsidenten were intensely involved in poor relief, and in this context also in savings banks. The Sparkassenreglement of 1838 stipulated that the government report to the respective Oberpräsident after carefully preparing and drafting the statute of the planned savings bank. The latter had the right and obligation to either confirm or reject its establishment (§ 2). When a municipality wanted to introduce a savings bank, the Oberpräsident scrutinized its budget. But in general, the 1838 rule implied that nothing should prevent the founding of a savings bank.<sup>48</sup>

Even before 1838, savings banks were the area of responsibility of the Prussian Oberpräsident, partly because they were considered to be social institutes.<sup>49</sup> Already by 1821, Vincke was discussing questions relating to savings banks with Berlin’s mayor, Baerensprung, informing himself on the success of the Berlin savings bank. Ten years later, Vincke, in his report on the conditions of factory workers in Westphalia, proposed to introduce savings banks (with obligatory payments for insuring cases of illness). A year later he pleaded for savings banks once more, this time in order to improve the condition of canvas-producing craftsmen and workers.<sup>50</sup>

The first specific plans for founding a savings bank in Westphalia, specifically in the administrative district of Arnsberg, date from the year 1821. Vincke supported these activi-

46 Peters, Vorsorgen (cf. note 10), p. 61.

47 The position of the Oberpräsident, which was created in 1815 after four years of preparatory work, is a result of the new division of the Prussian State into ten provinces with their 25 administrative districts. This establishment of this ‘middle instance’ only came to an end in 1825, after nine years of negotiations between the Oberpräsidenten and the interior ministry. See Gerd Heinrich, Acht Exzellenzen. Persönlichkeit und Leistung der Oberpräsidenten des Preußischen Staates um 1830 im Vergleich, in: Behr / Kloosterhuis, Ludwig Freiherr Vincke (cf. note 33), pp. 89-113, esp. p. 90.

48 There were only two exceptions from this rule: firstly, when the deposits were not secured, and secondly, when the municipal budget was at risk.

49 The highest number of savings banks were founded in the Prussian province Silesia. Malchus counts approximately one fourth (22 altogether) of all foundations before 1838. Starting in 1816, Friedrich Theodor (v.) Merckel (1775-1846) was Oberpräsident of Silesia. After studying law and political sciences in Halle, he started to successfully put the reforms into practice in Silesia after 1807, e.g. the modernization of the administration. Except for five years, between 1820 and 1825, he remained Oberpräsident of Silesia until 1845. During that time he pushed for the improvement of the agricultural credit system and fire insurance plans. The early foundations of savings banks in Brieg (1818) and Schweidnitz (1819) also date from his time in office. The model for the many newly established savings banks in Silesia is the savings bank in Breslau (1821).

50 Wolfgang Knackstedt, Fürsorge an der Schwelle zu staatlicher Sozialpolitik – Vinckes Antworten auf soziale Fragen, in: Behr / Kloosterhuis, Ludwig Freiherr Vincke (cf. note 33), pp. 265-288, esp. p. 282.

ties and suggested taking the savings bank in Berlin as a model. In 1822, the government of Arnsberg gave its consent. Immediately afterwards the savings bank committee was created. However, the bank only opened in 1837. In the meantime, savings banks had been founded in Elberfeld and Paderborn in 1822/23, certainly involving Vincke in the conception of the statutes and interior organization.

#### IV. Outlook: Savings Banks and the Social Question, 1870-1913

The debate around savings banks was particularly prominent whenever a reorganization of the social security systems was at stake. This applies both to the end of the 18<sup>th</sup> century and the reform period. But the debate did not end in 1838. Savings banks were only at the beginning of their triumphant advance throughout Europe. The ‘International Congress for Welfare Institutions in Paris’ (July 1<sup>st</sup>-6<sup>th</sup> 1879), which took place in the halls of the Trocadero Palace and the ‘Pavillion de Flore in the Tuileries’, illustrates the increased importance of savings banks in the second half of the 19<sup>th</sup> century. Savings banks were now embedded in a new historical context, when government, science and the public became more and more aware of the social question resulting from industrialization. Since 1870, members of the ‘Historische Schule der Nationalökonomie’, then the leading school of economics in Germany, dealt with concepts to solve the social question.<sup>51</sup> Once again, savings banks took on a central position.<sup>52</sup> Gustav Schönberg for example, as one of the spokesmen of the ‘Historische Schule der Nationalökonomie’, also touched on the issue of savings banks in his programmatic speech ‘Arbeitsämter – eine Aufgabe des deutschen Reiches’ (Employment offices – a responsibility of the German Empire), published in 1871. In his catalogue on measures for solving the social question, Schönberg includes the establishment of savings banks, which at the time were regarded as a ‘remedy’ against pauperism. They were meant to be an integrating force among the working classes that were increasingly emancipating themselves from the civil order. The underlying hope was to overcome the duality between capital and labor.<sup>53</sup> In this case, savings banks were neither discussed in the context of poor relief, as in the 18<sup>th</sup> century, nor with respect to efforts of modernizing communal politics, as in the reform period; the central concern was the question of the working classes and the conflict between capital and labor. Savings banks were no more on the same level as life annuity, orphanage and widows mutual aid funds and other ‘Children of the Enlightenment’, and they no more belonged into the category of communal affairs and administration. Instead, they had advanced into

51 Gustav Schmoller analyzed small businesses, Lujo Brentano developed theories on salaries and described English societies and associations, Adolph Wagner examined issues related to financial sciences and Gustav Schönberg dealt with questions of cooperatives. Karl Knies was one of the most renowned experts of the credit sciences. Finally, Albert Schäffle specialized in questions of federalism and of the different organizational forms of companies.

52 Representative of analyses relating to savings banks at the time Theodor Schönborn, *Ursprung und geschichtliche Entwicklung des Sparkassenwesens in Europa*, in: *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich* N.F. 8 (1883), pp. 157-184.

53 Gustav Schönberg, *Arbeitsämter. Eine Aufgabe des deutschen Reichs*. Akademische Rede. Berlin 1871, p. 27.

being part of the complex capital, credit and insurance economy, side by side with stock corporations and credit cooperatives.

This transformation within less than five decades did not go unnoticed by its contemporaries. At the latest in the year 1913, one year before the outbreak of World War I, § 4c of the 1838 Prussian Sparkassenreglement with its focus on the poorer classes was considered to be outdated. In a study on the issue of popular savings schemes, commissioned by the ‘Verein für Socialpolitik’ (association for social policies), the authors Seidel and Pfitzner asserted: *“Contrary to the regulation, a ‘transmutation’ of savings banks has taken place [...]. Today, savings banks are no longer prophylactic institutions for the prevention of impoverishment, but also important institutes for raising the middle classes, and thus they are automatically forced to accept higher savings investments.”*<sup>54</sup>

Still, the sociopolitical roots and communal interweaving that were outlined in this paper had not been forgotten. In 1879, the renowned ‘Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft’ (‘Schmoller’s Year Book’) published a report on the “International Congress for Welfare Institutions in Paris”, which was marked by the successful development of savings banks all over Europe.<sup>55</sup> The report also tackled the above-mentioned two principles of savings banks: According to the author, autonomy is the *“mother of all savings banks”*, which have invariably been called into life as *“free institutes for the public interest”*.<sup>56</sup> Without public interest and autonomy there would be no savings banks.

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54 Seidel / Pfitzner, Die Sparkassengesetzgebung in den wichtigsten Staaten, in: Verein für Socialpolitik (Ed.), Untersuchungen über das Volkssparwesen, Vol. 4 (Schriften des Vereins für Socialpolitik 137/3). München / Leipzig 1913, pp. 5-222, esp. p. 18.

55 Fischer, Der internationale Kongreß zu Paris für Wohlfahrts-Einrichtungen, in: Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich N.F. 3. (1879), pp. 35-65.

56 Ibid., S. 46.