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FORUM

Banking on Loyalty: U.S. Immigrants and the Postal Savings System during the First World War

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Scholars of the politics of consumption in the United States have argued that the early twentieth century marked the emergence of a new kind of "economic" or "consumer citizenship" which linked Americans' political identity with their ability to access and afford mass-produced goods.[1] A fuller examination of the participation of immigrants in these economistic visions of citizenship remains to be established. The years surrounding World War I and the 1918 flu pandemic, Max Ehrenfreund has recently suggested, constituted a critical moment when consumption and citizenship became more tightly linked not only through the choice to consume but also to refrain from consumption.[2] In this piece, I explore "financial citizenship," a term I used to describe an alternative form of civic belonging linking affinities for markets and politics.[3] Financial citizenship—namely, the public outcry for a more responsive economic system that could provide cash for everyday transactions, efficient access to credit, and a variety of financial instruments for other purposes—was a vision raised by a broad range of demographic groups, from northeastern ironworkers to midwestern farmers to Black wage workers in the urban New South.[4]

Financial citizenship provided opportunities for white ethnic immigrants both to demonstrate their adherence to American norms and to reshape new and preexisting institutions to secure their economic and family goals. As I will discuss, tensions arising in the wake of the First World War enable a glimpse of how white immigrants stretched the possibilities of the U.S. Postal Savings System, launched barely a decade earlier with their assimilation in mind. In contrast to the Black women whose financial practices are the focus of Shennette Garrett-Scott's book *Banking on Freedom* (2019), white immigrants were able to enact a racialized vision of "loyalty" through their patronage of the postal savings system. As Garrett-Scott notes, white immigrants could "gain access to and wrest benefits from U.S. capitalism in ways that Blacks simply could not."[5] Immigrants' financial practices—the ways in which they earned, saved, spent, borrowed, or sent money—had long been seen not as deliberate economic strategies but usually scrutinized as evidence that they were undermining the native-born "American standard of living."[6] By this logic, immigrants' adoption of new financial practices helped determine their suitability for incorporation into the American polity.

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Studies of this era have often emphasized migrants' actions in the workplace rather than their role as financial actors. Yet immigrants' use of financial knowledge—particularly their sharing of techniques for scrimping on money to save in the present and consume in the future—was not only, of course, critical to workers' survival strategies but also an important component of mainstream nativist critiques. While it was occasionally acknowledged that traditional financial institutions were unwelcoming to laborers, immigrants' reluctance to patronize them was seen as particularly egregious. One persistent trope used to stigmatize immigrants' undesirable financial habits was the "hoard": money immigrants had earned but kept out of the formal financial system by keeping it on their persons, or in hiding places. The hoard was tainted money because immigrants accumulated it through "rigid and unhealthy" saving practices, a congressional report argued, such as living in "miserable sheds" and eating "unwholesome and revolting" food.[7] As the fruit of such habits, immigrants' money came to be seen as suspicious and subversive, and their avoidance of traditional banks as suspicious.

A recognition that immigrants were rational financial actors threatened, as Gunther Peck has explained, the categorization of newly arrived white immigrants as congenitally incapable of being "free laborers," an ideological move which helped excuse and externalize the coercive labor practices they endured as supposedly "un-American". The denigration of immigrants' financial practices as anachronistic, undignified, illogical, and dependent on the goodwill of unsavory middlemen played a critical role in this critique of immigrants' behavior.[8] This prejudice was openly espoused in the financial sector. At the 1910 convention of the American Institute of Bank Clerks, for example, Chattanooga bank clerk A. M. Dickerson was met with "the wildest enthusiasm" and won a prize for best extemporaneous speech after giving a talk on "Immigration" in which he insisted that recent Italian and Polish immigrants were "less easily absorbed" into American society because "they differ[ed] so greatly in racial characteristics."[9]

In the aftermath of the Panic of 1907, when many immigrants reputedly lost their savings because of the failure of the bankers on whom they depended, it was argued that an American postal savings system duplicating the systems found in many European countries would provide a safer alternative that would also draw immigrants' money into the broader financial system. U.S. Postmaster General George Meyer suggested it was a necessary step in assimilation: while northern and western Europe were "educated" and "thrifty," Italians and immigrants from other regions of southern and eastern Europe were "scarcely … removed from serfdom" and lacked "the main attributes of Western civilization." A postal savings program, Meyer argued, would teach the proper use of money and prevent immigrants' children from becoming "public charges."[10]

A postal administrator would later declare postal savings accounts were the "Salvation Army" of thrift, while formally chartered financial institutions were its "churches." In this framing, once imbued with the righteous spirit of thrift, the "saved" savers would eventually shift to a more formal engagement with the financial system.[11] Of course, generations of immigrants had already been successfully saving and remitting and managing their money without federal support for decades. Local postmasters often recognized this money management more easily than other government officials. Postmasters' comments, shared as Congress deliberated over postal savings legislation in 1910, indicate some of these strategies. For example, some immigrants purchased domestic money orders but left them at the post office, essentially treating them as deposits they could request on demand. About one in six foreign money orders, a New Jersey postmaster noted, were sent directly to European banks for deposit. An Oklahoma postmaster explained that members of the local Greek immigrant community "do not

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care to make local investments," but instead "[s]end many foreign orders for savings purposes because of their fear of banks here." Some immigrants questioned why the American postal system was not as innovative as the ones they had left behind: "Frequent calls have been made at this office for bank books by Italians," a Connecticut postmaster wrote.[12]

Postal savings legislation was signed into law by President William Howard Taft in 1910. By June 1916, the system had just over 600,000 accounts and deposits totaled some $86 million. Already within five years of its launch, foreign-born depositors held a majority of funds in the postal savings system, and the average account of a foreign-born depositor was twice as large as that of an American-born depositor.[13] Among the top-ranked towns for postal savings deposits, the four largest in per capita deposits were mining communities or towns closely linked to auxiliary industries, including Leadville, Colorado, and Butte, Montana. Other small mining communities with large per capita deposits included Bisbee and Globe in Arizona and Hibbing, Minnesota.[14] The quick adoption of the postal savings system in isolated towns with large immigrant populations indicates that the system facilitated practices immigrants had already adopted, rather than inculcating new skills from scratch.

There was a clear contrast between how officials conceptualized the postal savings system and how depositors actually used it. As postal official Alexander Dockery explained in a 1915 report, more than 62 percent of funds deposited in postal savings accounts were withdrawn within a year, while only nine percent of all funds remained in the system for three years or longer. Depositors, he explained, thought of their accounts as "demand deposits," not as a tool for long-term savings. Many postal officials reported that immigrant customers wanted to deposit all or none of their savings in a single institution: if they came to the post office and discovered they could not deposit the full amount, they usually chose not to deposit any money at all. Depositors also kept an eye on proposals to increase the deposit limit. A postmaster in upstate New York reported that when a bill to raise the limit faltered, there were "wholesale withdrawals" and customers moved their funds to the Banco di Roma, an Italian bank with a branch in New York City.[15]

The 1917 postmaster general's report argued that the American postal savings system, by offering an alternative to those of immigrants' home countries, "has done much to sever ties which … retard[ed] the progress of these people [i.e., immigrants] toward full citizenship."[16] This conclusion indicates the over-attribution of nationalistic intentionality to depositors' behavior. This viewpoint became clear when the United States and Germany went to war in the spring of 1917. In the aftermath of both a $1 million drop in monthly deposits and a $1 million increase in monthly withdrawals in April 1917, Alexander Dockery sent a questionnaire to more than a hundred postmasters asking about local postal savings conditions. Dockery sought to determine the reasons for the withdrawals and whether they could be attributed to propaganda or the insufficient loyalty of American migrants. "Has there been any apparent organized effort to withdraw deposits?" the letter asked, continuing, "If so, has such effort been promoted by local parties or through foreign language newspapers or alarming literature?" Another line of questioning sought to establish whether money withdrawn from postal savings was being used to buy foreign securities, such as German war bonds.[17]

The responses to Dockery's questionnaire paint a vivid picture of the financial practices of the postal savings system's depositors, and their reshaping of its premises to fit their own needs. Depositors' recognition of the individualist potential of financial citizenship is indicated by postmasters' repeated insistence that depositors were acting on their own, rather than in response to collective ethnic impulses.[18] Postmasters attributed

withdrawals to three main causes: local employment conditions, such as a factory shutdown; large-scale purchases, such as buying houses, land, or cars; or a response to the high cost of living. From coast to coast, postmasters reported there was no evidence that foreign-language publications or espionage operatives were actively urging local immigrant communities to abandon the postal savings system. There were no signs that immigrants were converting their savings en masse into money orders to send overseas. Nothing supported the implication that Germany or Austria-Hungary was encouraging immigrants to send their money home or to invest in war bonds.[19]

Postmasters most frequently reported that the reason for withdrawals was that their customers were moving to a new city; after all, there was no mechanism for transferring accounts between post offices. Instead of the idealized progression from postal savings to formal financial institutions, the replies revealed the actual conditions under which workers labored—moving from place to place and shifting their funds in and out of postal savings accordingly.[20] Postal savings accounts had a rarely acknowledged (or anticipated) liberatory potential: they could facilitate "freedom to move" and "freedom to quit" in a more secure way than a precarious "hoard." Pueblo, Colorado's postmaster shared that depositors working in the city's steel plant were moving on "to Gary, Ind[iana], Youngstown [Ohio] … or other steel centers … on account of better pay." It is arguably particularly important that the accounts facilitated these freedoms at the *individual* level, enabling workers to escape from collective-action problems such as how a work gang might best respond to unfair treatment.[21]

Many postmasters reported that customers were withdrawing funds to purchase property. While postal savings accounts could enable mobility, they also facilitated putting down roots. Wilmington, Delaware's postmaster shared that "Polish people were withdrawing their money for the purchase of property."[22] As David Reimers's review of immigrants' experiences of thrift suggests, the desire for home and/or land ownership was often one of the primary motivators for engaging with the financial system. Postal savings accounts were likely a more feasible way for immigrants to amass the funds to purchase land rather than borrowing, particularly for immigrants living in more transient industrial communities which lacked the middle-class entrepreneurs who often furnished credit for home purchases by other members of their ethnic groups.[23]

Other postmasters reported that customers were taking money from their postal savings accounts simply to keep up with the high cost of living, illustrating the account's importance as an emergency fund. "The withdrawals were individual and apparently without the advice of others," the postmaster of Providence, Rhode Island, reported, noting among other reasons "on account of the increased cost of living the money was needed to meet expenses." The postmaster of Lowell, Massachusetts, shared his belief that "money that otherwise would have found its way into postal savings accounts was of necessity used to relieve the pressure of increasingly high cost of living."[24] The postmaster of Brooklyn, New York, reported in November 1917 on a particularly enterprising response to inflation: Customers were taking money out of their postal savings accounts to buy food such as potatoes in bulk and then "expecting to realize a profit" by selling them at retail prices.[25]

While it has been suggested that the Liberty Loan campaigns primed Americans to become investors in corporate securities, considerable skepticism toward the financial system lingered among immigrant customers.[26] The responses to another postal savings questionnaire, sent in early 1919, illustrate these attitudes. Sunrise, Wyoming's postmaster reported, "The majority of the depositors are foreigners who have told me several times that they have faith in the Postal Savings system but not in the banks."[27] Customers

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continued to rely on postal savings accounts for ready cash. They could convert their deposits from cash into U.S. bonds yielding a higher interest rate, but this conversion was done only rarely (amounting to less than two percent of deposited funds).[28] "When they needed the money," a Virginia postmaster explained, his customers believed "they would find it harder to get their money out of bonds than to draw on their Postal Savings." New York City's postmaster marveled that "ignorant and illiterate" immigrant depositors had learned to withdraw money at critical points of the year from their postal savings accounts, deposit the money long enough at the city's savings banks to be credited with a few days' interest, and then return the funds to their postal savings accounts.[29]

The idea that foreign-born Americans had learned to use money properly produced a shift in how immigrants' use of money was seen in the postwar years. In the years after the First World War, bank officials maintained their racialized views of financial citizenship but shifted from long-standing tropes of white immigrants as "ignorant and illiterate" about monetary matters to seeing thrift as a value rooted in ethnic heritage. "Centuries of hard struggles," an Ohio bank official argued, had made saving money "an innate and almost universal trait" among the Polish, Russian, and Balkan customers who flocked to his bank's recently established foreign department. As commercial banks, hungry for deposits, reached out to invite white immigrants into American finance, opportunities opened for ethnic Americans to make new demands on the financial order in their own interests.[30]

Notes

1 Charles McGovern, *Sold American: Consumption and Citizenship, 1890–1945* (Chapel Hill: University of North Carolina Press, 2006); Meg Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2005).

2 Max Ehrenfreund, "Essential Business: The Flu, the War, and the Economy," *The Journal of the Gilded Age and Progressive Era* 22 (July 2023): 319–346.

3 Others have used the term "financial citizenship" in a more proscriptive sense. Legal scholar Annelise Riles, for example, proposes the inculcation of a "new" form of "financial citizenship" which involves "taking responsibility for the normative choices inherent in financial governance." Annelise Riles, *Financial Citizenship: Experts, Publics, and the Politics of Central Banking* (Ithaca, NY: Cornell University Press, 2018), 45.

4 On the longer history of Americans' efforts to modify financial practices and banking systems to facilitate their personal goals, see Laura P. Sawyer, "Contested Meanings of Freedom: Workingmen's Wages, the Company Store System, and the 'Godcharles v. Wigetnan' Decision," *The Journal of the Gilded Age and Progressive Era* 12 (July 2013): 285–319; Christopher W. Shaw, "'Banks of the People': The Life and Death of the U.S. Postal Savings System," *Journal of Social History* 52 (Fall 2018): 121–152; Christopher W. Shaw, *Money, Power, and the People: The American Struggle to Make Banking Democratic* (Chicago: University of Chicago Press, 2019); Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877–1917* (Chicago: University of Chicago Press, 1999); Shennette Garrett-Scott, *Banking on Freedom: Black Women in U.S. Finance before the New Deal* (New York: Columbia University Press, 2019).

5 Garrett-Scott, *Banking on Freedom*, 4–5.

6 On the "American standard," see Katherine Benton-Cohen, *Inventing the Immigration Problem: The Dillingham Commission and Its Legacy* (Cambridge, MA: Harvard University Press, 2018), 123–133. For discussion of immigrants' financial practices and contemporary critiques see Jared N. Day, "Credit, Capital and Community: Informal Banking in Immigrant Communities in the United States, 1880–1924," *Financial History Review* 9 (Apr. 2002): 65–78.

7 Quoted in Neil L. Shumsky, "'Let No Man Stop to Plunder!': American Hostility to Return Migration, 1890–1924," *Journal of American Ethnic History* 11 (Winter 1992): 56–75, esp. 56. For fuller background on immigrants' economic lives, see Susan Porter Benson, *Household Accounts: Working-Class Family Economies in the Interwar United States* (Ithaca, NY: Cornell University Press, 2007).

8 The figure of the exploitative "padrone" who mediated between corporate managers and immigrant workers was crucial to this willed blindness. Gunther Peck, *Reinventing Free Labor: Padrones and Immigrant*

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Workers in the North American West, 1880–1930 (Cambridge: Cambridge University Press, 2000), 50–52, 80–114, esp. 90.

9 "Institute Oratory," *Journal of the American Bankers Association*, July 1910, 48.

10 George v. L. Meyer, "Postal Savings Banks," *The Independent*, Jan. 2, 1908. For further background on the system's creation see Donald B. Schewe, "A History of the Postal Savings System in America, 1910–1970" (Ph.D. diss., Ohio State University, 1971); Daniel P. Carpenter, *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862–1928* (Princeton, NJ: Princeton University Press, 2001).

11 Carter B. Keene, "The Postal Savings System," in American Bankers Association, *Proceedings of the Forty-Second Annual Convention of the American Bankers Association* (New York: American Bankers Association, 1916), 402.

12 See U.S. House of Representatives, *Postal Savings Depositories*, 61st Cong., 2nd Sess., rep. 1445, 1910, pp. 60–62.

13 E. W. Kemmerer, "Six Years of Postal Savings in the United States," *The American Economic Review* 7 (Mar. 1917): 46–90, esp. 57; U.S. Post Office Department, *The United States Postal Savings System: Statement of Hon. Alexander M. Dockery, Third Assistant Postmaster General…* (Washington, DC: Government Printing Office, 1916), 26.

14 Kemmerer, "Six Years of Postal Savings," 60–61.

15 U.S. Post Office Department, *United States Postal Savings System*, 5, 47.

16 U.S. Post Office Department, *Annual Report of the Postmaster General* (Washington, DC: Government Printing Office, 1917), 58.

17 Alexander Dockery to Postmaster, May 9, 1917, folder 1, box 4, Division of Postal Savings General Records, 1884–1934, Records of the Post Office Department, National Archives Building, Washington, D.C. (hereafter cited as PSGR). On anxieties about German plans to undermine American readiness see Zachary Smith, *Age of Fear: Othering and American Identity during World War I* (Baltimore: Johns Hopkins University Press, 2019).

18 Some postmasters went so far as to list withdrawing depositors by name; see, for example, Charleston, S.C., May 12, 1917, box 4, PSGR.

19 Evidence from German archives confirms there was no such plan, and it was later determined that no more than 32,000 people, from a German-American population numbering in the millions, bought German war bonds. Chad R. Fulwider, *German Propaganda and U.S. Neutrality in World War I* (Columbia: University of Missouri Press, 2016); Mira Wilkins, *The History of Foreign Investment in the United States, 1914–1945* (Cambridge, MA: Harvard University Press, 2004), 44.

20 Freedom, Pennsylvania, May 9, 1917, box 4, PSGR. As Gunther Peck explains, immigrant laborers' lives were largely defined by lateral moves to different labor markets to maintain the same level of economic comfort, rather than moving up the economic ladder to a position with more scope or control over their working conditions. Peck, *Reinventing Free Labor*, 160–173. For a microeconomic reconstruction of how poor workers used savings accounts, see R. D. Wadhwani, "Banking from the Bottom Up: The Case of Migrant Savers at the Philadelphia Saving Fund Society during the Late Nineteenth Century," *Financial History Review* 9 (Apr. 2002): 41–63.

21 Pueblo, Colorado, May 14, 1917, folder 1, box 4, PSGR; Peck, *Reinventing Free Labor*, 193–195, esp. 195.

22 Hammond, Indiana, [ca. May] 1917, box 4, PSGR; Wilmington, Delaware, [ca. May] 1917, box 4, PSGR.

23 Margaret Garb, *City of American Dreams: A History of Home Ownership and Housing Reform in Chicago, 1871–1919* (Chicago: University of Chicago Press 2005), 47; David Reimers, "Immigrants and Thrift," in *Thrift and Thriving in America: Capitalism and Moral Order from the Puritans to the Present*, ed. Joshua Yates and James Davison Hunter (New York: Oxford University Press, 2011), 366–367.

24 Providence, Rhode Island, May 25, 1917, box 4, PSGR; Lowell, Massachusetts, May 11, 1917, folder 1, box 4, PSGR.

25 Brooklyn, New York, Nov. 15, 1917, folder 1, box 4, PSGR.

26 The county-level correlation between postal savings deposits and the proportion of white, foreign-born residents was even stronger in 1919 than it had been in 1913. See Steven Sprick Schuster, Matthew Jaremski, and Elisabeth Ruth Perlman, "An Empirical History of the US Postal Savings System." *Social Science History* 44 (Winter 2020): 667–696, esp. 685.

27 Sunrise, Wyoming, Feb. 14, 1919, box 4, PSGR.

28 Schuster, Jaremski, and Perlman, "Empirical History of the US Postal Savings System," 677–678.

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29 Pocahontas, Virginia, Feb. 9, 1919, box 4, PGSR; New York, New York, Jan. 15, 1919, box 4, PSGR.
30 J. N. Higley, "Banks and the Foreigners," *Bankers' Magazine*, Mar. 1919, 314. On the development of ethnic banks in Chicago, see Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919–1939* (Cambridge: Cambridge University Press, 1990).

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