68. Mark Tushnet, *The NAACP's Legal Strategy Against Segregated Education, 1925–1950* (Chapel Hill: University of North Carolina Press, 1987), pp. 138–143.
69. Watson, *Lion in the Lobby*, pp. 155–156, 182, 186.
70. Terry, "Tramping for Justice," pp. 35–36; Skotnes, "The Black Freedom Movement," p. 50.
71. Walter Bagehot, *Physics and Politics; or, Thoughts on the Application of "Natural Selection" and "Inheritance" to Political Society* (New York: D. Appleton, 1912), p. 37.

11 Immigration and Institutional Change

The Urban Origins of US Postal Savings Banks

Alethia Jones

Starting in 1910, any member of the public could open a savings account at the post office.[1] With this new service, the federal government expanded its administrative responsibilities. It would collect hundreds of millions in savings deposits, despite the fact that traditional banks offered savings accounts. For American political development scholars, postal banks are a clear-cut case of the expansion of the state's administrative capacities. This policy coup, the introduction of a government bank in a capitalist society, suggests the successful vanquishing of traditionally powerful economic interests. The postal bank case provides solid evidence of the theoretical proposition that unlikely social groups can and do win significant policy victories. Scholars have identified the presence of distinct social movements (agrarian populists and urban social welfare reformers) as well as state actors (high- and mid-level bureaucrats in the Post Office Department) in securing this policy change. Despite scrutinizing the politics of postal banks, these scholars have largely overlooked the critical role of urbanization in furnishing a rationale for bureaucratic expansion and the centrality of "shifts in governing authority" in understanding this institution. As a result, existing scholarship has neither documented nor tried to address the public's reaction to this new service.

The public responded decisively. On August 1, 1911, the Post Office Department allowed branches in Boston, Chicago, and New York to begin accepting savings deposits.[2] Twelve days later, Chicago's postal bank had $108,316 in deposits, New York's $53,029, and Boston's $26,722.[3] In two short years, the Department authorized 12,151 post offices to accept deposits.[4] As the system spread throughout the country, local postmasters reported that they had to turn away customers who had reached the $500 depository limit. Congress eventually raised deposit ceilings to $1,000 in 1916 and to $2,500 in 1918.[5] By 1916, 60 percent of the depositors were foreign-born and their deposits accounted for 75 percent of all the funds in the system, with Greek, Russian, and Italian nationalities heavily represented.[6]

Why were workers, especially urban immigrant workers who had access to private sector banks, hungry for a new style of banking?

Exploring where immigrants banked reveals a distinctly urban element to the origins of postal savings banks, one that is simultaneously local and international. Postal banks presented urban workers, indeed all workers, with a compelling option: it would never lose their savings. In an era where local banks failed and customers regularly lost their deposits, the federal government made a commitment to depositor safety. This safety feature functioned as a form of national deposit insurance, and did so fully 20 years before the New Deal required such insurance of all banks. For some immigrants, the offer of secure banking through the post office was a familiar one. Most European countries created postal savings systems in the 1800s.[7] But this cultural connection only explains part of the story, especially in light of the fact that 50 percent of the system's customers were US-born. In addition to a cultural explanation, a more structural one recognizes that as cities grew in the early twentieth century, urbanization intensified the negative consequences of a laissez-faire regulatory environment. The security of postal bank accounts made them an attractive option for some.

Referred to variously as postal savings accounts, postal savings, postal banks, and postal savings banks, the public's enthusiastic embrace suggests that they filled a niche.[8] We know considerably more about the *politics* of postal banks, than we do of their *purpose*. Why did the introduction of postal banks matter to society or to depositors? How does this new service represent a real shift in government's role and responsibilities, not just a new task or ideological commitment? Distinct features of the urban banking milieu, especially immigrant banking behavior, laid the groundwork for giving government new responsibilities and accounts for its popularity. Postal banks are a distinct case of political development, but the change is registered in the shift in governing authority, rather than in state actors or social movements. If this is indeed the case, then an explanation attentive to identifying such shifts should yield fruit.

Postal Banks as a Shift in Governing Authority

In an important effort to challenge the premises of pluralism's emphasis on economic interest groups, and later rational choice theorizing, theoretically grounded empirical scholarship documented states and social movements as independent political actors.[9] Researchers investigated political institutions, such as legislatures, parties, and agencies, to identify who most influenced the law's passage and identified the social movements and state bureaucrats who successfully persuaded Congress to expand government's responsibilities.

The "who" question has shaped most of the scholarship on postal banks because postal banks are assessed as a political or a bureaucratic institution; research overwhelmingly considers relationships between the Post Office Department, Congress, and various social movements.

Agrarian populists were staunch advocates of postal banks, parcel post, and postal telegraph services as part of an alternative vision of political economy where the federal government owned businesses.[10] A close analysis of the changing coalitions in Congress identifies the diverse coalition and electoral dynamics that sustained postal banks as an issue in Congress from 1873 until its passage in 1910.[11] Daniel Carpenter provides the fullest treatment of postal banks as a bureaucratic institution. He shows that bureaucratic autonomy, the ability of state agencies to persuade Congress to grant the agencies more power and discretion, resulted in agencies acquiring more responsibility. In this role, the Post Office Department identified and mobilized a national coalition of opinion-makers who pressured Congress to act. Post offices are also a site for competition between patronage and civil service staff.[12] In addition, Carpenter identifies a distinct devotion to using the post office to build a "moral economy," that included the desire to teach thrift to the immigrant masses.[13] As political scientists are interested in political institutions, the activity of those who are most politically active naturally gains attention. Explaining the politics of how an agency obtained the authorization to administer a new service is insufficient if one wishes to specify how government's authority actually changed.

Karen Orren and Stephen Skowronek define political development as "a durable shift in governing authority."[14] These three elements combined—durability, a shift, and authority—distinguish development from its generic counterpart, change. In other words, government introduces a new form, function, or role and the change sticks, despite contestation and resistance from affected parties.[15] Two additional elements cement an analysis of American *political* development. First, the development identified must be political in nature, not cultural or economic, though the subject matter may involve culture or economics.[16] Second, American political development scholars are sensitive to issues of temporality. When they employ history, they are often interested in "political time," which uses timing and sequencing to explain political phenomena.[17]

Temporality also figures in Orren and Skowronek's notion of "history as site."[18] Rather than use history as necessary background that provides context to the present, history as site treats history as the foreground where active conflict and contestation for power lives. They note:

> The premise of history as a site leads to a conception of political action as an impingement on the authority of others, and it directs attention to those elements in the larger array that are challenged, displaced, transformed, reformed, or unaffected by new political efforts.[19]

They advise researchers to presume that the space is already occupied. Like Downtown Tokyo, every inch of space is accounted for. Every new institution must be jammed in amongst the institutions that already occupy the space.[20] History as site suggests that if temporal ordering matters, then the roots of shifts in authority lie in conditions that exist before the shift of interest occurs.[21] History as site also suggests identifying the institutions most analogous in form and function to the governmental authority under analysis, the institutions impinged upon by the shift in authority.

Applying "history as site" to postal banks, directs the researcher to the *status quo ante*—the role of government authority in protecting the savings of working-class Americans before 1910, a world dominated by banks and depositors, a world where postal savings banks do not yet exist. The search for analogous institutions situates postal banks among those entities that already offer savings accounts to the general public. Consequently, postal savings banks can be analyzed as financial institutions, instead of political or bureaucratic ones. As a consequence of this approach, the urban dimensions of the origin story of postal banks also come to light because the problems it hoped to address were distinctly urban in nature. They also offered an alternative to locally available banking options by importing a form of banking that was already popular in Europe.

The Myth and Reality of Banking in Early Twentieth-Century Urban America

It is easy to assume that a normal banking system existed in this period; one where commercial banks, with concrete columns, marble floors, and walk-in safes, provided checking and savings accounts to the general public. In this normal banking world, immigrants would have neighborhood-based banks that offered services in their native languages. In addition, credit unions, mutual savings banks, and savings and loans associations encouraged workers to save and granted them low-interest loans. In addition, the government authorized and oversaw all banking operations.

But this image fits banking in the 1920s, not in the early 1900s.[22] By 1910, state and federal governments had not fully institutionalized a modern banking system that served the needs of mass society. There was no Federal Reserve, no single paper currency, most states banned branch banking, and deposit insurance was rare.[23]

By the early 1900s, a new type of banking dominated cities. Colloquially known as "private banks" or "immigrant banks," these informal and unregulated operations provided crucial financial services to the urban masses.[24] Most immigrants banked at grocery stores, bars, rooming houses, bookstores, and small businesses that furnished an array of financial transactions. Private banks accepted deposits, sent remittances overseas, exchanged foreign currency, and sold steamship tickets.[25] An

advertisement for Banco Roma, an Italian private bank in New York City, illustrates the array of services offered:

> Remittances in any sum whatever to all the post-offices in Italy, Switzerland, France and Austria, in paper money, gold francs and florins, in the quickest and safest way. Telegraphic orders. Drafts, payable at sight, on all the principal cities of Europe. Notary public; legal advice free. Ocean and R[ail] R[oad] tickets . . . Shippers by package post . . . Depot for Marsala and table wines. Depot for S[an] Antonio tobacco, imported, prime quality.[26]

In addition to access to people who spoke one's language, private banking often included a social dimension. One's "banker" usually knew local politicians, offered information about job opportunities, and read the newspaper to customers during convenient evening and weekend hours. Because customers communicated with family members in Europe through the mail, some "bankers" wrote and read letters on behalf of illiterate customers.[27] They also sold stamps and received letters on behalf of customers who sojourned to temporary and seasonal work on farms and railroads. As notaries, bankers could witness the signing of citizenship and other legal papers. Many private banks originated when customers asked to leave their cash in a business's safe rather than risk theft or loss. Steamship ticket sellers and real estate agents often received such requests.[28] However, these arrangements could not provide checking accounts, interest on savings, or conventional loans. But savings could be used to gradually pay off steamship and railroad tickets purchased for family members abroad seeking to join an immigrant in the US.[29]

Because banking without a charter was perfectly legal in many states at this time, anyone could open a banking business simply by hanging a "bank" sign in the window.[30] Through an unplanned and unanticipated process, enterprising individuals entered a relatively laissez-faire environment and leveraged the advantages of language and location and provided urgently needed financial transactions to the burgeoning urban population. They grew in number and size through an ad hoc process of adjusting to the immediate needs of a population responding to intense urbanization.

Despite the informality of these banking entities, private banks nonetheless processed millions of dollars. On Sunday, October 2, 1910, the *New York Times* reported that private banks processed roughly $138 million in overseas remittances in 1909. With respect to savings deposits, unincorporated banks held untold millions in their safes.[31] Despite these numbers, the system remained relatively invisible to official entities. The Department of Treasury told the *New York Times* reporter they had "[n]ever heard of such a thing as an immigrant bank," and that "[w]e know nothing of any such institutions here."[32]

The banks in the formal system, though subject to regulation, could not match the services and availability of immigrant private banks. Besides, a combination of exclusionary social norms and geographical inaccessibility meant that most workers did not have access to the type of banking institutions they would have preferred. They were starved for a conveniently located and secure place to deposit their savings.

Before 1910: Government as Bank Regulator

Government authority with major depository institutions operated through charters.[33] Prior to 1910, the government functioned not as a protector of consumer deposits but as a bank regulator, with charters as its primary tool of coercion. Charters specified the legal obligations banks needed to meet to obtain government approval to operate. The requirements defined ownership structures (the size, composition, and duties of the board of directors), inspection requirements by regulatory officials (to ensure honest accounting), and public disclosure requirements (usually by filing quarterly and annual financial reports that a state's banking department subsequently published).[34] Charters also granted privileges, such as the ability to print money, to collect deposits from the public, and to grant loans, but usury laws specified the allowable interest rates. Once legislatures determined a charter's criteria, state agencies approved all applications that met the criteria.[35] Finally, most charters banned branch banking. The country's anti-monopoly culture usually required each bank to be independently owned and operated.[36] The term "national banks" does not refer to banks with branches. Instead it identifies banks with charters defined by Congress and administered by the Department of Treasury. Similarly, "state banks" had charters authorized by a state legislature and overseen by the state's banking department. Even though different types of savings institutions existed, the safest ones were few in number, even in major urban centers.[37]

Government regulated banks that catered to immigrant needs existed. Some shared their business model with colleagues through industry journals. Mr Goddard described how his bank successfully attracted immigrant customers by giving "services in over ten languages" and "cultivated the acquaintanceship of the individual depositor with the hope that he will feel that he is dealing with a personality as well as an institution."[38] They also furnished non-traditional services, such as letter writing services and a desk for a steamship agent that allowed customers to purchase tickets in small installments over time.

But chartered neighborhood banks did not define the field of immigrant community banking until the 1920s, when all state legislatures made government charters mandatory for all businesses that advertised themselves as banks. Until then, private banks easily outnumbered their regulated counterparts.[39] Some of the unchartered private banks operated in traditional bank buildings and offered standard bank services, but they avoided the expense of hiring accountants and inspectors to comply with charter requirements.[40] But many private bankers obtained charters when the law required them to do so.

Acknowledging the need for worker-oriented deposit institutions, state legislatures authorized the creation of nonprofit banks. Collectively known as thrifts, credit unions, mutual savings banks, and building and loan associations (later known as savings and loans associations), they would eventually equal traditional banks in stature and professional management, but only after the 1950s. Until then, most thrift institutions were too small in size or too few in number to accommodate the needs of a growing urban working class. Mutual savings banks, the largest and most well-known of the thrifts, were confined to old east coast cities because bankers in Midwest and western states blocked state laws creating mutuals.[41] From 1880 to 1920, building and loan associations labored at lobbying state legislatures to adapt or replace outdated charter systems.[42] Massachusetts passed the first statewide credit union law in the nation in 1910.[43] Even if thrifts were more geographically dispersed and more numerous, the law often required them to serve only their members. As a result, churches, clubs, lodges, and other member-based associations sponsored thrifts.[44] Furthermore, the cooperative banking model relied on member-volunteers, not professionals, to do the accounting and other managerial tasks.[45] These various restrictions meant that a good thrift was hard to find.

The notion that any member of the general public could utilize a bank's services existed as a legal requirement but social norms undermined the promise of equal access to services. Banks originated to serve the needs of economic and political elites, not the masses. Typically, an area's wealthy population founded commercial banks and through social networks vetted business ventures and granted loans to projects that promoted economic development.[46] Because of the large sizes of these transactions, depository and loan services to corporations and governments, the wealthy assured profitability. The deposits of average people provided easy access to steady streams of capital. But traditional banks demurred from the requisite services. Servicing small accounts diverted staff from profitable customers. Furthermore, English-only tellers and limited "bankers'" hours made traditional banks unappealing to some urban workers.[47]

Bank Failures

Bank failures are unique. The ripple effect of fear caused by a failure caused "bank runs" where depositors descended on the failing bank en masse to withdraw their savings. Depositors who arrived after the bank ran out of cash lost their savings permanently if the bank failed.

Customers redeposited their funds if the bank survived the crisis. Both informal and formal banks experienced runs, and both had incidents of failure. The steep contractions and expansions of cash that occurred as customers withdrew and re-deposited funds destabilized the money supply.

Bank runs had a strong psychological element. Runs on failing banks sparked runs on healthy banks, and vice versa. Ultimately, a bank run reflected a customer's fears more accurately than it did the health of an individual bank. Whether small or large, based on facts or rumors, each run marred the banking industry image by viscerally reminding everyone of the system's fundamental insecurity.[48] Immigrants engaged in runs more frequently than US-born customers. They trusted the banking system less and responded to rumors more.[49] With their disproportionately high number of deposits in unchartered banks, perhaps immigrants felt even most at risk.

It is important not to paint private banks as uniformly deceitful or fraudulent. The system successfully transmitted over $100 million overseas annually by functioning as intermediaries for American Express, Western Union, and the large steamship companies. Although trustworthy bankers existed and perhaps even dominated the field, the number of failures naturally grew as the number of banks grew. But the dynamics of runs amplified any incidence of failure that occurred.

Government Regulation and the Protection of Deposits

Why didn't the charter system protect consumer deposits? In other words, why was this form of governing authority insufficient for the need? In large part, urban realities were grafted on to legal foundations established in an agrarian era. The bank chartering system assumed interpersonal knowledge, especially given its history of serving business and governmental elites. Bankers knew their customers and made loans based on character instead of income and assets, if needed. Thrift institutions embodied this view. Member-based banking organizations functioned through a committee of peers who made loan decisions. Customers, in turn, knew their banker. The inherent information asymmetry in this arrangement, customers would always have less information about banks than banks had of them, expanded as populations increased. Deposit protection resulted from professionally managed banks that made conservative investment decisions and remained profitable; it was not the primary obligation of the business itself and government did not mandate it.[50] The system required customers to be knowledgeable about a bank's management. As society urbanized, it remained up to the individual to choose wisely.

Charters suggested a degree of legitimacy and professionalism that did not always prevail. The combination of federalism and a laissez-faire environment created the classic "patchwork quilt" of laws and institutions that confused customers and failed to protect the public's deposits.[51] National banks, overseen by the Department of Treasury, had the strictest criteria and the most professional management.[52] But the Department of Treasury did not control the nation's banking system, although it would have liked to. When the federal government introduced the National Bank Charter Act of 1863 to raise funds for the Civil War, supporters hoped the new system would replace state banks with a centralized and unified system of national banks. Instead, state banks continued to exist but they stopped printing currency. This overlapping structure required bank owners to choose whether to obtain a national or a state charter. Many of the largest, most established, and most conservatively managed banks traded in their state charters for national ones, giving national banks the reputation for solid management and leaving the country with a dual banking structure that persists today.[53] Banks with weak charters coexisted with banks that had strong charters, which undermined efforts to secure a professionalized banking system. Because state legislatures had over a century's long head start, they granted the vast majority of charters. Each state had its own criteria, leading to wide variations in stringency between states.

For those who relied on evidence of government regulation as a heuristic for a business's trustworthiness and professionalism, such cues provided false comfort. A charter only indicated that a bank met the state's minimum requirements. The charter system regulated banks, not bankers; an approach tantamount to regulating hospitals but not doctors.[54] There was no direct correlation between a charter and professional management, only probabilities.

Immigrants using unchartered private banks also struggled with the true meaning of government designations. In Europe, notaries functioned as lawyers and post offices accepted savings deposits. This mixing of roles meant that many Southern and Eastern European immigrants assumed notaries had the same professional and legal obligations as lawyers in Europe, making them a legitimate place for legal advice as well as banking services. Hence, the "free legal advice" Banco Roma offered. Similarly, some immigrants assumed that postal substations, private organizations permitted to sell stamps, were official branches of the post office and therefore the equivalent of European postal banks.[55]

Facing limited access to conventional banking services, most immigrants and urban workers relied heavily on efficient, ubiquitous, and unregulated private banks. The cost of selecting the wrong bank was significant. But the system placed the burden on customer selection, despite the fact that governmental authority in banking was confusing, diluted, and manipulated.

The banking public effectively had a handful of options: very good but largely inaccessible national banks and thrifts; a bevy of loosely regulated state chartered banks; charter-less private banks; or no banks at all. The latter option included hiding cash at home—under the mattress, buried in the yard, any place that avoided discovery and theft. Some savers purchased money orders in their own name to avoid the problem of excessive cash. Labeled as "hoarding" these practices kept funds out of the money supply where it could be used productively to finance bank loans and investments. Opponents of immigration pointed to hoarding as yet another way that immigrants hurt the US economy, despite the fact that anyone could hoard.[56] Immigrants also mailed money orders or transmitted funds directly to Europe, sometimes for deposit in savings accounts at postal banks in their countries of origin. This route also kept money out of the US where, some argued, it properly belonged. The devotedly risk-averse depositor could create accounts at several types of institutions, thus spreading their risk.

Social location and experiences mediated an individual's choice. Individuals who were well-educated, well-informed, well-financed, well-acculturated, and fluent in English were most likely to know about, choose, and have access to the best banks. Such customers certainly existed, even amongst immigrants. By 1910, the oldest members of the new immigration had been in the US for almost 30 years. But immigrant depositors could be found in all types of banking institutions because personal characteristics (length of time in the US, comfort with English, level of literacy, income, membership in a lodge, congregation, or other association) and geography (proximity to high-status banks either near work or home, population density) probably guided their decision. But in the end, most depositors benefited from a strong dose of luck in their quest to find a safe bank.

The Promise of Postal Savings Accounts

The Post Office Department was well aware of the public's savings practices. In 1909, 80 percent of the $81 million in postal money orders they sold went to six countries: Austria, Great Britain, Hungary, Italy, Norway, and Russia.[57] Reporting on key findings and claims, the *New York Times* reprinted Postmaster General Meyer's arguments in favor of postal banks, as they appeared in the Department's 1907 annual report. They included the following observations:

> [O]n account of its possessors being ignorant of our language and suspicious of our private institutions, [money] is being sent home in order that it may be placed in the postal savings banks of their native countries . . . a great deal of money which does not now find its way into banking channels at all would come into the postal savings bank.[58]

Whether policymakers realized it or not, the fundamental question at issue was whether a modern urban society would have its banking system hinge on the moral fortitude of individual bankers or whether there should be a widely available, publicly accessible alternative suited to a society increasingly defined by mobility and relative anonymity.

Three decades of mass immigration, industrialization, and market forces had still not produced professionally managed, government chartered banks in sufficient quantities to meet the needs of the burgeoning urban masses. Postal banks entered this insecure and inconsistent milieu promising much-needed uniformity, security, and equal access.

Postal savings accounts permitted anyone over 10 years old to make deposits up to an initial $500 dollar limit. Individuals held only one account and deposited up to $100 monthly. If an account holder moved, he or she needed to close the account and re-open it at another location. The funds reverted to the Treasury if no one did so. A system of passbooks and stamps allowed depositor and postal clerk alike to keep track of deposits and withdrawals. The accounts paid 2 percent annual interest while commercial and savings banks paid 4 percent. Organizations and businesses could not have accounts. These and other restrictions meant postal banks would attract customers who had safety as their primary concern.[59] Schools, settlement houses, and other organizations encouraged children to learn how to save by using postal banks.

The Panic of 1907

Congress did not approve postal banks because they solved a banking need. Such an explanation would be functionalist, a claim that "social arrangements exist *because* they meet certain needs of societies or particular powerful actors."[60] Politics matters. Political time, the intersection of political and temporal analysis, helps to explain why Congress authorized the creation of postal banks in 1910. In 1907, postal banks remained at a traditional three-decade impasse. Since 1873, postal bank bills consistently made it through to committee hearings but no further. An exogenous shock broke the legislative impasse: the Panic of 1907 and the widespread bank failures that accompanied it. The longstanding postal bank coalition of agrarians, social welfare reformers, and Post Office administrators seized upon the window of opportunity, as did other coalitions.[61]

In the wake of the Panic and a presidential election in 1908, the sentiment for government action strengthened, while the usual deference granted to the business community weakened and the committee chairs softened their positions. When the dust settled, Congress passed several important banking laws, including the Aldrich–Vreeland Currency Act of 1908, the Postal Savings Act in 1910, and the Federal Reserve Act in 1913.[62] These and other new banking laws brought the country closer to institutionalizing a modern banking system, a project the New Deal would solidify. With these changes in place, bank failures returned to being a routine but manageable fact of life until they reached epidemic proportions with the Great Depression of 1929.[63]

Postal savings banks could not solve the problem of bank runs. Initially, private bankers continued to operate because they offered substantial conveniences well beyond a savings account.[64] When states finally passed mandatory bank charter laws, private bankers usually faced one of three options: exit the banking business; convert to a full-time bank; or become a licensed financial services operator, essentially a nondepository private bank.[65] For those who opted to become banks, generous transition periods facilitated the induction of private bankers into the chartered banking fold.[66] The loose management styles of these numerous small banks are said to account for the large number of bank failures during the Great Depression.[67]

After 1911: From Bank Regulator to People's Banker via Deposit Insurance

In this exploration of postal banks as a shift in governing authority, three questions remain. First, what is the nature of the new grant of governing authority? Second, how did it affect pre-existing institutions? Third, was the shift durable? This new authority, a form of deposit insurance, affected three key constituencies: the banking public, especially immigrants; state regulations; and for-profit banks.

Postal savings banks shifted the government's relationship to the banking public by offering accounts that were fully insulated from loss. This feature and the convenience of post office branch locations expanded the banking options for depositors. Furthermore, this new government role operated on immigrant-friendly terms. In 1918 the post office eventually published deposit forms and documents in twelve languages.[68] The initiative clearly reflected the pre-migration experiences of European immigrants but it possessed the added benefit of expanding banking services to the nation as a whole. The US-born constituted 50 percent of its customers. Postmasters reported that both immigrant and native-born customers brought in "hoarded" cash because they did not have savings accounts at state or national banks. Postal banks established deposit safety as a fundamental responsibility of the federal government.

Postal banks shifted the federal government's relationship to states by implicitly rejecting the uneven nature of state charters. It demonstrated that government could be a source for order in the financial services system. Unlike state regulations, postal savings banks were centrally managed, uniform in operation, and open to all members of the public. Individuals no longer had to guess what the government's presence in banking meant or discover that their confidence in a particular banker

was ill-placed. Postal banks operated under a single national standard. Its management, accounting, and investment practices, emanated from a central authority in Washington, DC. As such, the government's presence signaled an undeniable and uniform professionalism and security.

Postal banks clearly upset the status quo in banking. The American Bankers Association (ABA) interpreted postal banks as an invasion of their domain. Its 1908 resolution stated:

> Resolved, that it is the sense of this association that we should condemn in unqualified terms the proposition for the establishment of postal savings banks or any other system by which the government enters directly into banking relations with the people.[69]

The ABA decried the government's departure from its traditional role of working only with banks and leaving the task of working directly with the banking public in the hands of the private sector. The mere existence of a government bank for the people lessened the undisputed primacy of private for-profit entities as the preferred option for the general public. Government banks amounted to unfair competition with a private sector that could not guarantee deposits or operate branches.[70]

Postal banks in 1910 and national deposit insurance in 1932 represent the same grant of authority. They differed in how government offered insurance: one is a case of direct government, in the other government's presence is more indirect. They also differed in political support. The Democratic presidential platform of 1908 explicitly supported national deposit insurance first and postal banks as a last resort. But when William Taft won the election, the Republican Party's preferred solution—postal banks—found favor instead.[71]

The public utilized postal banks as a form of deposit insurance. As the economic crisis of the 1930s unfolded and bank runs became frequent, postal bank customers knew their deposits were safe. To obtain the same protections, bank customers withdrew their funds from checking and savings accounts and redeposited them at the post office.[72] They wished to benefit from its $2,500 depository limit. Total deposits in postal banks topped $1 billion in 1933 and the number of depositors doubled in one year to over 1.5 million in 1932.[73]

The New Deal's deposit insurance law required every chartered bank to join the Federal Deposit Insurance Corporation (FDIC). The law universalized access to government-guaranteed savings by covering all bank accounts, not just those at the post office. In the event a bank failed, the FDIC reimbursed the bank's depositors the full amount in their accounts up to $2,500, the same amount as postal savings accounts.[74]

At last, customers no longer needed to acquire knowledge of an individual bank's management practices to ensure that their deposits would be safe. The universality of the government guarantee eliminated fear and ended the phenomenon of bank runs once and for all. In 1966 the ABA finally persuaded Congress that the systems were redundant and Congress voted to terminate postal savings.[75]

Orren and Skowronek define "durability" as a shift in authority that "holds on for a half-century . . . without getting reversed or deflected."[76] Durability, then, must lie in the form of authority itself, not in the mechanism used to achieve it—that is, the specific institutional form that government authority takes. If this is the case, then political development that takes the form of a "shift in governing authority" need not be coterminous with an institution's life-span. In the case of postal banks, the new principle it institutionalized—that the federal government should protect consumer deposits—lasted well beyond the 56 years of its official existence and continues today in the FDIC.

Conclusion

The population increases that drive urbanization create new patterns and flows that disrupt the social and economic status quo. Marrying urbanization and American political development links population growth to demands that government adopts new roles. A self-consciously authority-centered approach can capture how policies are linked to the actual experiences of the target populations who ultimately must live with these policy changes.

The inherent gap between influential policy advocates and politically weak policy targets is one of the endemic political problems of urbanization. The disjuncture between the empowered groups who advocate for policy changes and the politically dispersed masses raises questions of democracy and representation. A host of reformer-driven policy changes, such as zoning, public health, occupational licensing, juvenile justice, building codes, and the siting of parks, beaches, and highways, remain enmeshed in questions of representation and fairness. Perhaps an authority-centered analysis tied to temporality can shed new light on these questions.

Orren and Skowronek's concept of "shifts in governing authority" combined with the notion of "history as site" point researchers to find politics outside of political institutions. The hunt for entities that possess the authority government seeks to, but does not yet, command invariably leads to a host of private and nongovernmental institutions. Accounting for the experiences of policy targets before government intervenes is one way to bring in the concerns of those who may otherwise be overlooked, outmaneuvered, or silenced in the political process.

No published accounts indicate that immigrants played an important role in advocating for the postal bank law's passage, despite the fact they would benefit from the introduction of this institutional form. By tracing lines of authority, the banking habits of depositors gained new

prominence as did the distinctly urban and international elements in the origins of US postal banks. As a potential competitor to the existing purveyors of savings accounts, postal banks can be analyzed as a financial institution, as well as a bureaucratic and political one. In a context defined by the concerns of depositors, instead of bureaucrats, reformers, and bankers, a world of unregulated banks, bank failures, and customer anxiety comes to light. In this context, one can specify the distinctly new element in governing authority that postal banks represent. Because depositors would never lose their funds, postal banks offered a form of deposit insurance for over 20 years before the New Deal's more well-known deposit insurance program leveraged the federal government's power to broaden access to this form of protection.

Going "to the streets" and anchoring the analysis of policy changes in the lived experiences of target populations can highlight why a particular "shift in governing authority" matters. Policymakers' decisions affect whether society creates open and shared institutions or highly segregated and privatized ones. Arguably the product of a paternalistic upper middle-class reform movement, postal banks were simultaneously universal in character because anyone could open an account, yet relevant to immigrants who were accustomed to using postal banks in Europe. Whether by luck or design, postal banks provided a meaningful new service to both the foreign- and native-born. Perhaps, by looking from the ground up at a host of other policy changes, we can specify the nature of new grants of governing authority and identify how they include or exclude marginal and politically weak social groups.

Notes

1. The Postal Savings Act was signed into law on June 15, 1910 but offices began accepting deposits in 1911.
2. In Chicago, the postal bank was located at the main post office branch located in the loop, the city's downtown business district. Only post office branches designated to do so could accept deposits. See "Postals for Central Reserve Cities," *The Chicago Banker: A Weekly Paper Devoted to the Banking and Financial Interests of the Middle West* July 29, 1911, p. 17.
3. Amounts are 1911 dollars. See "Chicago's Postal Bank Leads," *The Chicago Banker: A Weekly Paper Devoted to the Banking and Financial Interests of the Middle West* August 26, 1911, p. 17.
4. Edwin W. Kemmerer, "Six Years of Postal Savings in the United States," *The American Economic Review* 7, no. 1 (1917): 46–90 (see p. 48).
5. Maureen O'Hara and David Easley, "The Postal Savings System in the Depression," *Journal of Economic History* 39, no. 3 (1979): 741–753, quote on p. 744.
6. Kemmerer, "Six Years of Postal Savings in the United States," p. 57.
7. United States National Monetary Commission, *Notes on the Postal Savings Bank Systems of the Leading Countries* (Washington, DC: GPO, 1910).
8. Despite the term "postal bank," the post office did not require or establish separate buildings devoted to banking; the savings accounts were additional services one could obtain at the post office counter.

9. Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (New York: Cambridge University Press, 1985). For an assessment of rational actor approaches from a historical institutionalist perspective, see Paul Pierson, *Politics in Time: History, Institutions, and Social Analysis* (Princeton, NJ: Princeton University Press, 2004).
10. Richard B. Kielbowicz, "Government Goes Into Business: Parcel Post in the Nation's Political Economy, 1880–1915," *Studies in American Political Development* 8 (Spring 1994): 150–172.
11. Jean Reith Schroedel and Bruce Snyder, "People's Banking: The Promise Betrayed?," *Studies in American Political Development* 8 (Spring 1994): 173–193. Splits within the Republican Party figure prominently.
12. Daniel P. Carpenter, *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862–1928.* (Princeton, NJ: Princeton University Press, 2002). See also Carpenter, "State Building through Reputation Building: Coalitions of Esteem and Program Innovation in the National Postal System, 1883–1913," *Studies in American Political Development* 14 (Fall 2000): 121–155.
13. Carpenter, *The Forging of Bureaucratic Autonomy*, ch. 5. The Post Office Department also combated pornography and investment fraud.
14. Karen Orren and Stephen Skowronek, *The Search for American Political Development* (New York: Cambridge University Press, 2004), p. 123.
15. Orren and Skowronek, *The Search for American Political Development*, pp. 123–132.
16. They recognize that cultural and economic ideas often express themselves in institutional form, "which is where they really count as far as politics is concerned." Orren and Skowronek, *The Search for American Political Development*, p. 133. This is especially germane in the field of banking, see Susan Hoffman, *Politics and Banking: Ideas, Public Policy, and the Creation of Financial Institutions* (Baltimore: Johns Hopkins University Press, 2001).
17. More generally, this means attention to "just what ideas about time are most appropriate to the study of politics," which includes intercurrence. See Orren and Skowronek, *The Search for American Political Development*, p. 75.
18. Karen Orren and Stephen Skowronek, "The Study of American Political Development," in I. Katznelson and H.V. Milner, eds., *Political Science: State of the Discipline* (New York: W.W. Norton & Co., 2002). They also delineate history as matrix focused on identifying patterns across cases.
19. Orren and Skowronek, "The Study of American Political Development," p. 751.
20. Orren and Skowronek, *The Search for American Political Development*, p. 22.
21. APD "identif[ies] relevant institutions and the distribution of controls among them before, during, and after the changes in question." Orren and Skowronek, *The Search for American Political Development*, p. 135.
22. Chicago banks pioneered key aspects of the neighborhood bank. See E.N. Baty, *The Story of the Outlying Banks of Chicago* (Chicago: Chicago and Cook County Bankers Association, 1924).
23. For most this country's history, banks printed currency, not the government. With the National Bank Act of 1863, the federal government eventually taxed state-based bank currency out of existence, replacing it with currency created by banks authorized by the Department of Treasury, known as national banks. Today's currency, the Federal Reserve Note, was introduced in 1913

when the Federal Reserve was created and became the sole form of paper currency in 1970. See Kelley L. Ross, "Six Kinds of United States Paper Currency," *The Proceedings of the Friesian School, Fourth Series.* Available at http://www.friesian.com/notes.htm (accessed March 19, 2003).

State-level deposit insurance programs were established in New York in 1829, Vermont 1831, Michigan 1836, Indiana 1834, Ohio 1845, Iowa 1858 but all ended in 1866. Between 1907 and 1917, eleven states adopted deposit insurance for state chartered banks but all were inoperable by 1933. See Carter H. Golembe, "The Deposit Insurance Legislation of 1933: An Examination of Its Antecedents and Its Purposes," *Political Science Quarterly* 75, no. 2 (1960): 181–200.

Clearly, the bias against branching no longer exists but the terms national and state bank continue to refer to a bank's charter, not to branching. Therefore, a national bank can operate in only one state, and in theory, can only have one location. A state-chartered bank can have branches nationwide, but is not a "national bank."

24. Immigrant private banking differs from private banking that originated as a tool for the financial super-elite, such as J.P. Morgan, who used the regulatory freedom to finance unprecedented monopolies in the railroad and steel industries and to bail out the US government. See Richard Sylla, "Forgotten Men of Money: Private Bankers in Early US History," *Journal of Economic History* 36, no. 1 (1976): 173–188; Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Atlantic Monthly Press, 1990).
25. Jared N. Day, "Credit, Capital and Community: Informal Banking in Immigrant Communities in the United States, 1880–1924," *Financial History Review* 9 (2002): 65–78; Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919–1939* (New York: Cambridge University Press, 1990); Perry R. Duis, *The Saloon: Public Drinking in Chicago and Boston 1880–1920* (Urbana: University of Illinois Press, 1983).
26. John Koren, "The Padrone System and Padrone Banks," *Bulletin of the Department of Labor* 9 (March 1897): 113–129. The advertisement appeared in Italian in a New York City paper and is translated and reprinted in Koren's article.
27. In Europe clergy often wrote and read letters from overseas to the entire community. Bankers assumed this function in the US, especially for immigrants who did not have clergy or others available to furnish this service for free or at a convenient time. Marcus Lee Hansen and Arthur Meier Schlesinger, *The Atlantic Migration, 1607–1860: A History of the Continuing Settlement of the United States* (Cambridge, MA: Harvard University Press, 1940); William Isaac Thomas and Florian Znaniecki, *The Polish Peasant in Europe and America* (New York: Dover Publications, Inc., 1958 [1927]).
28. Edith Abbott, *Immigration: Select Documents and Case Records* (Chicago: University of Chicago Press, 1924); Alethia Jones, "Bootstraps and Beltways: The State's Role in Immigrant Community Banking," PhD dissertation, Yale University, 2005.
29. United States Immigration Commission, *Immigrant Banks* (Washington, DC: GPO, 1911), vol. 37, pp. 211–233; Massachusetts Commission on Immigration, *The Problem of Immigration in Massachusetts* (Boston: Wright & Potter Printing Company, 1914).
30. Only banks that issued currency were required to have a charter by state law.
31. Precise statistics on the number of immigrant private banks is impossible to ascertain. Sylla, "Forgotten Men of Money"; George Earnest Barnett, *State*

Banking in the United States since the Passage of the National Bank Act (Baltimore: Johns Hopkins Press, 1902). The only national census comes from the Congressionally-appointed but nativist-oriented Dillingham Commission's volume on immigrant private banks. It concluded that the vast majority of "bankers" were uncountable because they operated as parts of saloons, grocery stores, and other businesses. Those, like Banco Roma, that hung a sign in the window amounted to 2,600 across the nation. Some private banks looked like traditional chartered banks and some actually obtained charters, but banks of this type were too few to count. Despite its bias, the Commission's research was thorough. Even its opponents trusted the particulars of this study. See Abbott, *Immigration*, p. 498.

32. "Immigrants Sent $275,000,000 Abroad in One Year," *New York Times* October 2, 1910.
33. Nondepository financial services entities, such as check cashers, were also largely unregulated at this time. Some states required them to obtain licenses that had considerably fewer requirements than charters, see Massachusetts Commission on Immigration, *The Problem of Immigration in Massachusetts*.
34. See Hoffman, *Politics and Banking*, for a full explanation of these categories.
35. This form of regulation, known as free banking, was institutionalized in the 1830s when state legislatures defined the criteria for obtaining a charter, then an administrative agency would grant charters to all applicants who met the criteria. Prior to this, banks applied directly to state legislatures who crafted charters for an individual institution and voted accordingly, a highly politicized process. Free banking democratized access to bank ownership. See Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, NJ: Princeton University Press, 1957); David Moss and Sarah Brennan, "Managing Money Risk in Antebellum New York: From Chartered Banking to Free Banking and Beyond," *Studies in American Political Development* 15, no. 2 (2001): 138–162. Thrifts were caught in a similar transition from charters to individual organizations to a free banking system from 1890–1910.
36. Bankers constructed various schemes to circumvent this ban, such as interlocking boards of directors. American Bankers Association, *A Study of Group and Chain Banking; A Survey of the Movement Throughout the United States of Independent Unit Banks into Centrally Directed Systems* (New York: ABA Economic Policy Commission, 1929).
37. Living in a city did not guarantee that individuals had easy and ready access to a bank that met their needs. "It should be stated that prior to this investigation the subject of banking as practiced by immigrants had become one for grave consideration in the State of New York, particularly in New York City, where these concerns flourish as they do nowhere else." US Immigration Commission (Dillingham Commission), *Reports of the Immigration Commission, Volume 37: Steerage Conditions—Importation and Harboring of Women for Immoral Purposes—Immigrant Homes and Aid Societies—Immigrant Banks* (Washington, DC: Government Printing Office, 1911), p. 413.
38. Charles A. Goddard "How a Bank Helps Americanize the Foreign Born," *The Bankers Magazine* December 1918, p. 758.
39. Francis Murray Huston, *Financing An Empire: A History of Banking in Illinois*, 4 vols. (Chicago: S.J. Clarke Publishing Company, 1926). Volumes III and IV contains historical biographies of Chicago's banks. For example, Independence State Bank had its roots in the private banking operation of Kedzie Savings Bank, a private bank founded in 1911, which itself began as a

real estate firm. A new partner joined the bank in 1916, who "divined the spirit" of the neighborhood and determined that "the thing most desired by the local population was some assurance that this bank was safe to deal with, and he offered them the *utmost of safety by submitting to state and government supervision*" (Huston, *Financing An Empire*, vol. III, pp. 105–112, emphasis mine).
40. The House of Pitte, a large private bank in Chicago, with nonprofits and churches among its customers, took in $120,000 in savings and small deposits during its last year of business in 1916. By then, it had been in operation for almost 40 years and was never inspected by the government, see Editorial, *Denni Hlasatel* April 7, 1917 (*Chicago Foreign Language Press Survey*, Bohemian language).
41. Consequently, major cities such as Chicago, St Louis, Michigan, and San Francisco did not have mutual savings banks. See Alan Teck, *Mutual Savings Banks and Savings and Loan Associations: Aspects of Growth* (New York: Columbia University Press, 1968).
42. For example, their charters required all savings be applied *only* to residential homeownership and the organization automatically dissolved once the original members built their homes, requiring a new charter with a new set of members who needed homes built. These features reflected their early origins in 1831. The first mutual savings bank was founded in 1816. Joseph Ewalt, *A Business Reborn: The Savings and Loan Story, 1930–1960* (Chicago: American Savings and Loan Institute Press, 1962).
43. J. Carroll Moody and Gilbert Courtland Fite, *The Credit Union Movement: Origins and Development, 1850–1970* (Lincoln: University of Nebraska Press, 1971). This law was the first to grant credit union charters on a statewide basis using the free banking model, rather than the more cumbersome legislative approval of individual charters model.
44. Credit unions with neighborhood charters could serve anyone who lived or worked in a specific geographic area. See Roy Bergengren, *Crusade: The Fight for Economic Democracy in North America, 1921–1945* (New York: Exposition Press, 1952).
45. Mutual banks could serve the general public and could afford to hire a professional staff because they were often founded by large institutions, such as philanthropically-oriented businesses that wanted to provide workers with a safe and professional place to bank.
46. Naomi Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (New York: Cambridge University Press, 1994); Hammond, *Banks and Politics in America from the Revolution to the Civil War.*
47. See Cohen, *Making a New Deal.*
48. J.N. Higley, "Banks and the Foreigners," *The Bankers Magazine* March 1919, pp. 313–316.
49. The disconnection between runs and actual failures is evident in the experiences of New York City's venerable Emigrant Industrial Savings Bank, which operates today as Emigrant Bank. Founded by Irish Catholics in 1844 to serve immigrant workers, its mutual savings bank charter mandated an investment strategy designed to protect depositors' funds. Recent analysis of customer accounts by economic historians of depositor behavior in the years 1854 and 1857 revealed that immigrant customers opened, closed, and re-opened accounts more frequently than non-immigrant customers, despite the conservative and professional management of the bank. Rumors of failure spread through social networks of Irish immigrants. Cormac O'Grada and

Eugene White, "Who Panics During Panics? Evidence from a Nineteenth Century Savings Bank," NBER Working Paper (November 2002).

50. Moss and Brennan, "Managing Money Risk in Antebellum New York."
51. The term "patchwork quilt" famously captures the result of policymaking in the "state of courts and parties." See Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877–1920* (New York: Cambridge University Press, 1982).
52. National banks could not offer residential mortgages, seen as risky investments at the time, but state banks could. Most importantly, national banks could issue currency backed by the Treasury bonds deposited at the Office of the Comptroller of the Currency. The elimination of currencies issued by state banks via a 10 percent tax on such notes addressed the fact that by 1860 more than 10,000 different bank notes circulated throughout the country. See The Office of the Comptroller of the Currency, "National Banking System Created, 1832–1864." Available at http://www.occ.treas.gov/exhibits/histor3.htm (accessed May 30, 2008).
53. When Congress created the Federal Reserve system in 1913, only national banks could join.
54. State-level mandatory bank chartering laws permitted a transitional period and temporarily lowered charter requirements to grandfather small banks into the chartered bank system. This preserved many neighborhood private banks that chose to convert to traditional bank form. Consequently, "unprofessional" banking continued, creating an array of small weak banks vulnerable to the pitfalls that the 1929 crash wrought. See Cohen, *Making a New Deal.*
55. Perhaps the biggest case of misdirection exists with the Bank of United States, a private bank in New York City. Many complained that the name led immigrants to believe it was a government bank, perhaps even the original central bank founded by Alexander Hamilton, the Bank of *the* United States. "High-titled Bank can Hold Its Name: Its Rivals Argued East Side Would Think 'Bank of United States' Was Government's," *New York Times* June 24, 1913. See also Joseph Lucia, "The Failure of the Bank of United States: A Reappraisal," *Explorations in Economic History* 22, no. 4 (1985): 402–416.
56. See, for example, W.H. Allen, "Immigrants' Hoards: The Hidden Cause of Financial Panics," *Moody's Magazine: The International Investors' Monthly* VIII, no. 6 (December 1909): 456–460.
57. "Immigrants Sent $275,000,000 Abroad in One Year."
58. "The Postal Savings Bank Suggestion," *New York Times* December 9, 1907.
59. Kemmerer, "Six Years of Postal Savings in the United States."
60. Pierson, *Politics in Time*, p. 8.
61. Graduates of the settlement house movement went on to become staunch advocates for state and national policy changes that benefited immigrants. The agencies they directed pursued resolution of disputes between immigrants and deadbeat employers, exploitative lawyers, landlords, and bankers. In 1911, of the 262 complaints received by New York State's Bureau of Industries and Immigration, 141 were for non-transmission of funds. New York State Department of Labor, *Second Annual Report of the Bureau of Industries and Immigration for the Twelve Months Ended September 30 1912* (Albany, NY: State Department of Labor, 1913), p. 4. See also Christina Ziegler-McPherson, *Americanization in the States: Immigrant Social Welfare Policy, Citizenship, and National Identity in the United States, 1908–1929* (Gainesville: University Press of Florida, forthcoming 2009).
62. Schroedel and Snyder, "People's Banking," see pp. 186–193 on the bill's passage.

63. Before the New Deal, a chartered bank or two failed every day in the United States, averaging 700 failures a year. David M. Kennedy, *Freedom From Fear: The American People in Depression and War, 1929–1945* (New York: Oxford University Press, 1999). In contrast, during the last three months of 1931 over 1,000 banks failed. The Office of the Comptroller of the Currency, "The Changing World of Banking." Available at http://www.occ.treas.gov/exhibits/histor5.htm (accessed May 13, 2008).
64. Massachusetts Commission on Immigration, *The Problem of Immigration in Massachusetts.*
65. Licenses had far fewer requirements than charters because the business did not hold deposits. See ibid.
66. Illinois mandatory bank chartering laws were approved by voters (403,458 to 83,704), temporarily lowered capital requirements, and gave newly declared banks 3 years to come into compliance. It also permitted other businesses to continue accepting deposits but banned them from calling themselves banks. See Jones, "Bootstraps and Beltways," ch. 2.
67. Cohen, *Making a New Deal*; Helen M. Burns, *The American Banking Community and New Deal Banking Reforms, 1933–1935* (Westport, CT: Greenwood Press, 1974). In 1932 the ABA opposed deposit insurance as protecting and subsidizing thousands of small and poorly managed banks.
68. Carpenter, *The Forging of Bureaucratic Autonomy.*
69. Edwin W. Kemmerer, "The United States Postal Savings Bank," *Political Science Quarterly* 26, no. 3 (1911): 462–499, quote on p. 474.
70. The ABA also rejected deposit insurance arguing that it gave comfort to small and poorly managed banks at a cost paid by large banks whose membership fees were higher. Burns, *The American Banking Community and New Deal Banking Reforms.*
71. The Democratic platform read, in part: "We favor a postal savings bank if the guaranteed bank can not be secured . . .." The Republican platform read, in its entirety: "We favor the establishment of a postal savings bank system for the convenience of the people and the encouragement of thrift." Taft was the sole president to get actively involved in breaking the legislative logjam that kept postal bank bills trapped in committee. Schroedel and Snyder, "People's Banking," p. 187.
72. At least, so claimed the ABA. See American Bankers Association, *The Postal Savings System of the United States* (New York: ABA, 1937).
73. Schroedel and Snyder, "People's Banking," p. 193.
74. The $2,500 figure is from the Office of the Comptroller of the Currency, "The Changing World of Banking."
75. Thrifts also benefited from the deposit insurance idea. The federal government created a similar system to protect deposits in savings and loan associations and credit unions. The New Deal also introduced a national chartering system for thrifts (except mutual savings banks), which allowed applicants to bypass the state laws that remained inconsistent and restrictive.
76. Durability, in particular, is a shift that persists relatively unchanged for over a half-century. Orren and Skowronek, *The Search for American Political Development*, p. 129.

The City in American Political Development

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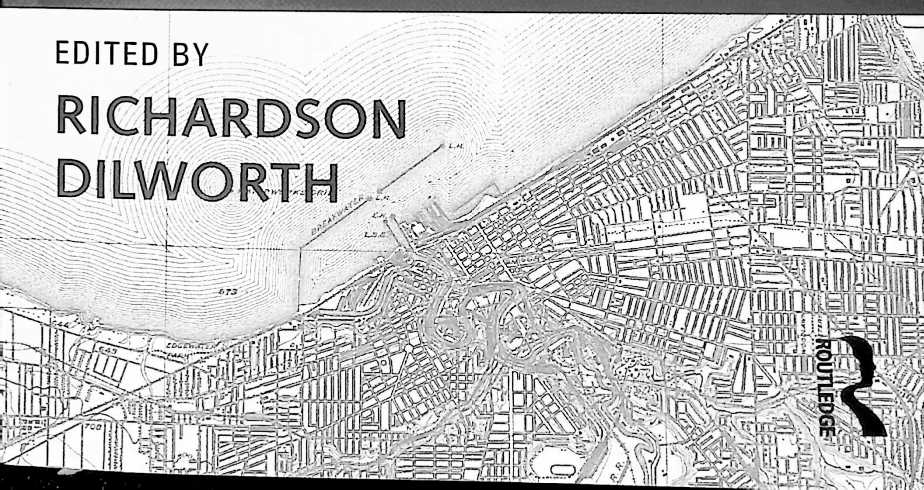

ROUTLEDGE