



# LEDGER

## Economic Education Newsletter

### Banking Nickel by Nickel

Imaginative teachers emerge in every generation. Consider Alphonso Tarr, a teacher at Lynn English High School, Lynn, MA. His innovative programs would meet the highest standards of educators today, but he was teaching two generations ago.

In 1914, with the sponsorship of the Commercial Department, a student-run savings bank opened at Lynn English High School. Its purpose was to provide bookkeeping practice for juniors and seniors in the Commercial Course. Committed to the belief that high school prepares its students to survive in the adult world, Alphonso Tarr saw broader possibilities for the bank. He transformed the pilot project into a central activity for teaching self-sufficiency to the entire student body.

Under Tarr's direction, the Lynn English High School Savings Bank grew from its initial 221 depositors in 1914 to 1774 depositors at its height in 1927. Total deposits swelled from \$1250 to over \$17,000. Such growth is dramatic in light of the comparatively low student wages and allowances of the era. Birthday and Christmas money always helped fill the coffer, but the bulk of bank funds came from conscientious saving of small sums.

By its fourth year of operation, Lynn English's Bank was a large, well-organized institution. Students deposited their money at the



At the Teller's Cage 1928 Courtesy, Lynn Public Library; *The Red and Gray*

teller's cage, located in the rear of the Bookkeeping Room, before and after school, or during the 15-minute period in the school day allotted for bank business. Deposits were transferred daily to Lynn Institution for Savings (now First East Savings Bank). As deposits grew, affiliation with Lynn Institution for Savings minimized the potential security problems of keeping large amounts of cash on school property.

At the project's peak, over 300 students were balancing bank books, writing financial reports, or

collecting funds in each home-room when the teller's cage was overburdened.

Alphonso Tarr was, in some ways, a behaviorist. To him, saving lump sums, no matter how large, was unimportant compared to developing the habit of saving patiently and predictably. He believed saving should become a ritual as natural as "parting one's hair a certain way." Although the bank accepted Christmas and birthday windfalls, students were encouraged to save as little as 5¢ at a time, week after week.

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# New England Update

## CONNECTICUT

The **Connecticut Joint Council on Economic Education** is planning its Annual Meeting for December 9 in Middlebury, CT. The featured speaker will be Dr. Michael A. MacDowell, new President and Director of the Joint Council on Economic Education.

The American Economic and Business Systems course which was presented this summer at the University of Connecticut will be offered in the Stamford area beginning in March 1978.

## MAINE

Congratulations to the new executive director of the **Maine Council on Economic Education**, Robert J. Mitchell. He is already busy at work planning several new programs, including a session on the air industry in Maine, and a session on the Lincoln-Dickey Project.

The annual summer workshop, held at the University of Maine, Orono, had an exciting new feature. The 31 teachers took a four-day field trip throughout Maine to examine the types of businesses and industries that make up the backbone of the State's economy.

The participants toured a paper mill, an oceanographic research center, a logging operation, a shoe factory, a savings bank, a shipyard, a food wholesaler, and a textile mill. The trip was sponsored by Great Northern Paper Company.

The Council is planning two weekend sessions to follow up the summer workshop. They are also planning a workshop for "graduates" of past workshops.

During the year the Council will work to implement a DEEP program in one or two school districts.

## MASSACHUSETTS

In our last issue, we inadvertently left off an economic education center from "Datelines — Economic Education." Those interested in workshops and programs at the **Stonehill College Center**, in North Easton, MA, should contact the director, Timothy M. Sullivan. The telephone number is (617) 238-1081.

## RHODE ISLAND

The **Rhode Island Center for Economic Education** at Rhode Island College will be offering four courses this winter: The Real World of Business as a Medium for Economic Education, Teaching Economics in American History, Teaching Economics in the Classroom K-6, and Consumer Economics.

Anyone interested in the courses should call the Center at (401) 456-8037.

## VERMONT

**ECON TREK**, Vermont's economic education project, is involved in a number of activities.

A curriculum guide, produced by teachers at their summer workshop, is available. It covers six teaching units: Origins, Economic Origins and Futures of Vermont Towns; Bluecollar Capitalism; Youth, Jobs, and the Future; Timber: Management of Vermont's Forest Resource; Energy, Vermont's Future Energy Alternatives; and Governmentmilk, A Case Study of Government Involvement in the Dairy Industry.

The guide has a chapter on economic concepts, economic skills, teaching strategies, and lists of resource materials. Each unit covers suggested background reading for the teacher, an introductory essay and questions, numerous teaching activities, and a glossary.

**ECON TREK** has also developed six films to accompany the units. All films will be shown on Vermont's educational television station. "Bluecollar Capitalism" will probably be shown on public television.

Awareness workshops are being conducted throughout Vermont to introduce teachers to the materials. In addition, **ECON TREK** will be running a session at the Northeast Social Studies Conference to be held in Boston in March.

Anyone interested in the materials should call or write: **ECON TREK**, Vermont Department of Education, Montpelier, VT 05602, or call (802) 828-3111.

## Fed Update

### We've Moved

The Banking and Public Services Department has moved to our new office at Federal Reserve Plaza, 600 Atlantic Avenue, Boston. For those who need to pick up publications, we are located on the third floor.

We all have new telephone numbers as well. To order publications, films or games call Ms. Vickie Brown 973-3459. To schedule programs contact Ms. Debbie Carey 973-3458.

If all goes according to plan, we hope to start our tour program shortly after the first of the year. We will supply more information in the next issue of *The Ledger*.

## Simulation Workshop

Because of our recent move to Federal Reserve Plaza, the simulation workshop planned for this autumn will be postponed until early spring 1978. An announcement will be mailed to *Ledger* recipients when plans have been finalized.



# Banking Nickel by Nickel

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To reinforce the habit, Tarr developed a duplicate punch card system of bookkeeping, one card for the school bank and one for the depositor. As each nickel was deposited, another hole was punched in the card. Before their eyes, students saw proof of how small savings accumulate over time.

Punch cards simplified bookkeeping for the bankers, who were expected to maintain accurate records of all transactions, both for internal use and for Lynn Institution for Savings' records. Because of Tarr's standards of excellence, Lynn Institution for Savings accepted the students' records as official figures for their own use. When a punch card reflected \$1 of school bank deposits, the student was credited with \$1 in a Lynn Institution for Savings passbook account. A fresh punch card replaced the completed one, and the process was repeated.

On its busiest days in 1926, the Lynn English Bank accepted close to \$3000 in deposits from over 1400 students. All but a handful of accounts were active. Speakers from the school bank visited homerooms to preach the virtues of thrift. Through their efforts, the school bank frequently boasted 100% student participation in the early months of the school year. Eventually, the speaking circuit encompassed all Lynn Schools.

During World War I, the Federal Government required school banks to suspend savings programs, replacing them with Liberty Bond and War Thrift Stamp sales. Lynn English students purchased \$12,000 in Liberty Bonds and nearly \$3000 in War Thrift Stamps through their school bank. The student bankers compiled annual reports for the Federal Government of each year's bond and stamp activities. When the 1918 influenza epidemic put local banks behind in their work, Lynn English students were lent out to banks to help them complete their bond

and stamp reports on time, a striking display of confidence in the quality of their work.

As an offshoot of the high regard for the students' ability, the school bankers were given control of Lunch Room finances. They paid suppliers, collected debts and kept all bookkeeping records for the Lunch Room.

School banks were popular projects in the 1920s, but few earned reputations equal to that of Lynn English's bank. Even when the school building burned to the ground in 1924, bank operations continued without disruption. The Lynn English project was chosen as a feature demonstration at the 1928 National Educational Convention held in Boston, and it was the model for student banks in schools as far away as Proctor, Vermont and Breaux Bridge, Louisiana.

Through the 1920s, Alphonso Tarr taught his business classes, arranged student internships with local business firms, and brought outside lecturers into the high

school on a regular basis, as well as directing the bank project. When Tarr died in 1930, the school bank lost its key booster. Propelled by the momentum gained over the years, the bank kept its windows open until World War II.

In a quarter-century of school banking at Lynn English, an impressive legacy was left behind. The school magazine, *The Red and Gray*, chronicled many success stories relating to the banking project. Crediting their school bank experience as a major influence, many students chose to pursue careers in banking. Other students used their school savings to pay for their college educations, or to help their families survive hard financial times. Some invested in business ventures soon after leaving school.

More significant than tangible results of the project was its impact on student attitudes. They learned to be savers. Tarr's emphasis on thrift reflected the priorities of his time, for America in the early 1900s was a nation of

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Bank Directors 1927 Courtesy, Lynn Public Library; *The Red and Gray*



# Multi-Media

Grade level code: Capital letters (E—J—H—C) after each item indicate grade levels for which the materials are most appropriate: E—elementary school, J—junior high school, H—high school, C—college.

**Historical Beginnings... The Federal Reserve**, by Dr. Roger T. Johnson (h-C-g), 1977, 64 pages, illustrated. **Historical Beginnings** is a behind-the-headlines account of the political controversies and personalities involved in the creation of the Federal Reserve System. Dr. Johnson traces the philosophy of U.S. central banking, as well as related political dilemmas, back to Alexander Hamilton's First Bank of the United States. Also described are the attempts at banking reform in the 1800s that preceded the establishment of a permanent central bank in the early 1900s.

The creation of the Federal Reserve System is a case study in political strategy-making, a



story peppered with lobbyists, coalitions and opposition groups. **Historical Beginnings** records the struggle for legislative compromise that characterized passage of the Federal Reserve Act.

The actions and words of principal characters such as Woodrow Wilson and William Jennings Bryan disclose the exhilarating and tangled process of affecting bank

reform. The beginning of the Federal Reserve System was a bumpy affair that is fascinating reading. Copies are available, free of charge, from: Bank and Public Information Center, Federal Reserve Bank of Boston, Boston, MA 02106.



**ECON TREK Curriculum Guide**, (e-J-H), 1977, see New England Update — Vermont.

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industrious optimists. The spirit of the self-made man echoes through these words on thrift, written by Lawrence St. Jean ('20) for *The Red and Gray*:

I am a maker of men.  
Real men, who know and  
appreciate my value.  
To them I am the very  
foundation  
Of all that they have or will  
have.  
Without me they are  
engaged in a hopeless  
struggle  
For fortune and happiness,  
which are the "all  
supreme."  
When they stop me from  
working for them,  
The castles they have built  
crumble and fall,  
Because they have no  
foundation.  
Who am I?  
Yes, who am I, that works

hard for rich and poor  
alike,  
Twenty-four hours a day  
and seven days a week.  
Who am I that has made  
America so great?

Tarr's bank was the embodiment of its era. Although many aspects of the project now seem antiquated, the bank's timeliness was rooted in Tarr's awareness of education's impact on lifelong attitudes. Equally notable was his recognition of the role school plays in preparing students for the wider environment beyond the insulation of the classroom. These insights are as valid today as they were in 1914.

Special thanks to Mr. James Boynton ('27), who brought Alphonso Tarr's project to our attention. Sincere thanks to: Messrs. Robert Blake, Charles Cain ('29)

and Harry Fuller ('24), of First East Savings Bank; and to the Lynn Public Library, for providing access to *The Red and Gray* archives, the primary source of information for this article.

Deborah Bloomberg  
Economic Education  
Representative

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