

The Feeling Was Mutual

Mid-19th century Danbury was a bustling city of 4,000 men, women and children. Already, its public and private schools boasted almost 1,000 students, whose parents also saw to their attendance each Sabbath in one of the city's fifteen houses of worship.

No fewer than 40 hat-making companies dotted the landscape, employing hundreds of people whose skills had made Danbury hats known far and wide, from the rugged shores of Maine to the boom towns of California.

Yet, as important as hatting was to the city, there was much more that Danbury offered in the way of employment and opportunities. More than 200 farms ringed the community's industrial hub, boasting 1,200 cattle, 1,100 pigs, 600 milch cows, 600 sheep, and 500 working oxen.

Other offerings included carriage making, boot and shoe making, wood and iron turning and comb making. Main Street was dotted with shops and services. Transportation for most city families meant walking. There were thirteen people for every horse within the city limits, and most horses were worked in commercial activities. With neither railroad nor telegraph, Danbury's livery and stagecoach businesses thrived, ferrying well-to-do people and goods to railheads at Hawleyville or Norwalk.

For most working-class families, life was hard; resources were scarce. A savings account was just a dream for most Danbury folk.

Then on July 14, 1849, the (mutual) Savings Bank of Danbury opened for business. For the first time, the working men and women of



*Frederick S. Wildman
President 1849-1893*

Danbury could put their money in a bank that would be working on behalf of depositors rather than stockholders.

The Bank's first president was Frederick S. Wildman, a descendent of a venerable Danbury family and a highly regarded community leader. In 1828, at age 23, Mr. Wildman had been named a delegate to the Democratic National Convention that nominated Andrew Jackson for President of the United States. He would go on to become a state representative, state senator, and state treasurer and to serve 44 years as the Bank's president until his death in 1893 at age 88. He built the town's first real mansion in 1842 – an imposing, full-colonnaded Greek Revival home that stood for almost a century at the corner of Main and West Streets.

Our new bank opened for business just up the street from the Wildman estate, in the somewhat more modest Main Street home of George W. Ives⁴, the Bank's first secretary-treasurer. Ives, like most important men in Danbury, was the son of an early hatting pioneer. That historic day in July one Reuben Booth Pearce opened the first savings account. By day's end, eight more accounts had been opened and deposits totaled \$165. In the first year of operation alone, deposits totaled \$12,245.59.



*George W. Ives
Secretary-Treasurer
1849-1860*

That the Savings Bank of Danbury was to be a working man's

⁴ *Four generations of Ives would follow George W. at the Bank.*

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bank was obvious from the beginning. The Bank was open only on Saturdays from 2 p.m. to 5 p.m. That it was a family bank was also clear, as, in Mr. Ives' absence, deposits could be left with his wife at the kitchen door.

And, the intention of its founders reflected the original concept of Reverend Duncan – that the common people deserved to have a reliable depository to save, where they, through their own thrift, could build a better life for themselves and their families.

“The Savings Bank of Danbury has been established for the purpose of affording a secure investment to persons who have not the facilities of safely putting their income otherwise to use.”⁵

From the outset, the Bank invested only in local home mortgages granted to people of sound character and in low-risk government bonds. The Bank's first home mortgage was made in August 1849 and the first bond purchased shortly thereafter. In the ensuing years, thousands of Danbury families would save for, and then acquire, a home of their own through the sound investments and steady hand the Bank would provide.

The Bank was well-received; growth was modest but steady – good enough to see Mr. Ives soon erect a small, street-side building on the south side of his house as a new dedicated Bank headquarters.

While the Bank was up and operating, few of the town's largest group of workers, the hatters, had real money to spend, much less save or invest. But



Mrs. Ives and her kitchen door



Mr. Ives' Desk

⁵ An 1850 statement quoted in the 1990 President's Report.

that, like Danbury's fortunes, was about to change.

On March 1, 1852, the new Danbury & Norwalk Railroad carried in new coal-fired steam boilers to power four new large hat factories. That year, Tweedy, White & Co. manufactured 700,000 felt bodies – becoming the largest hat-making factory in the United States.

The number of Danbury hatters grew from 700 to 2,000 in the 1850s. These were boom times; almost 1.5 million hats were being shipped each year to all parts of the country. Even with Danbury's loss in 1855 of seventeen-square-miles and 2,000 residents to create the town of Bethel, by the end of the decade, Danbury had a population of 7,000 souls – 75 percent more than in 1850.

The community began to spread, with homes and streets multiplying rapidly – many built by hatters or Irish-Catholic rail workers who would prosper and buy homes of their own in the Town Hill section near St. Peter's Church.

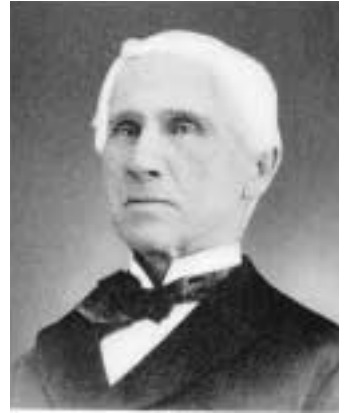
Mutual savings banks, too, had prospered and proven their value across Connecticut; by 1855, no fewer than 26 mutuals were operating with 55,000 depositors and assets of \$10 million. But, once again, the good times fueled rampant financial speculation. Many railroads were enthusiastically built with equally enthusiastic investments from commercial banks. The problem was that simply building a railroad did not guarantee the line could turn a profit. Needing cash to offset their huge losses, commercial banks called in outstanding loans, wiping out thousands of other non-railroad businesses that couldn't come up with the repayment money on demand. As the banks failed, stockholders lost their own fortunes. The Panic of 1857 took a heavy toll and tamed the nation.

Mutual savings banks had no stockholders and sought long-term

security rather than quick profits. As such, they – and we – remained above the fray and prospered.

Forced in the Panic of 1857 to swallow the bitter pill of speculative commercial banking practices, the nation turned to regulation for protection. By 1860, when William Jabine took over Mr. Ives' post as treasurer, regulators cast a broad shadow across banks of every stripe. Those trusting days, when deposits could be handed to Mrs. Ives at her back door just over a decade past, suddenly seemed under siege.

“The laws upon our statute books relating to savings banks,” wrote Connecticut’s Bank Commissioners of the day, *“are . . . inadequate to the proper protection of their depositors. Their hitherto good management has been secured more by the character and integrity of the persons who had them in charge than from the protection which has been afforded them by our laws.”*



*William Jabine
Treasurer 1860 - 1873*

A backhanded compliment, to be sure, but one that acknowledged the proof in the pudding. The character and integrity of those who operated mutual savings banks was, indeed, at the heart of their success. And the trust placed in those who operated the Savings Bank of Danbury remained undiminished. Hat manufacturers had historically paid workers in goods from company-owned stores or through a “trade system,” where employees would get what they needed from local merchants who would be compensated by the companies in hats which they could resell at a profit. Now, hat companies began paying workers in cash.

Coin in hand, workers would simply approach Mr. Ives on the

street and give him money to deposit in their accounts. And, no one ever lost a dime.

The influx of Irish immigrants changed the complexion of Danbury. The new mix worked. Overall, these were happy times for Danbury and its citizens. An all-day St. Patrick's Day parade was held, and it became an annual high-point in city life for many years.

The joy of daily life, however, was short-lived. In April, 1861, Americans plunged into war with themselves. The Civil War, or War Between the States, initially threw America into a financial tailspin.



20-year-old George E. Ives, son of bank officer George W. Ives, stands in full uniform as a Civil War bandmaster of the Union Army. He survived the war and fathered a son, Charles, who became a millionaire insurance executive, one of America's most prominent composers and winner of the Pulitzer Prize for music.

In the stock market Panic of 1861, no fewer than 12,000 firms failed. Another 1,000 closed their doors in the first three months of 1862.

Although the city's livelihood depended significantly upon a major Southern hat market, Danbury's Wooster Guard was the first in Connecticut to answer the call for Union volunteers. Of the 1,360 men who joined up, 56 died in battle, 91 were wounded and another 89 died of disease.⁶ Following President Lincoln's Emancipation Proclamation of 1863, nearly every black male in Danbury enlisted in the 29th or 31st (colored) regiments of the Union Army. That same year, George E. Ives, a cornetist and son of our own George W., organized a Brigade Band for the 1st Connecticut Heavy Artillery and became the youngest band leader in the Union Army.

As has been the case since war began, this war, too, brought prosperity to industrial cen-

⁶ *As We Were: A Pictorial Remembrance of Old Danbury; Scott-Fanton Museum*

ters as orders for all kinds and types of military stores poured in.

Civil War bonds paid up to 7.3 percent, a very healthy return in those days. When the Civil War began, paper currency was still valued at a “discount to distance” rate – the farther from the issuing state bank, the lower its value. That changed with the National Currency Act of 1863, which created a new national currency issued by the federal government. These “Greenbacks” were backed by gold and were accepted anywhere in the Union at full face value.

But 1863, too, brought a sadness to Danbury unrelated to the war. When George W. Ives died, every business along Main Street closed down so owners and employees alike could attend his funeral. His influence on his community through the Bank was immeasurable and many rightfully felt they owed their prosperity to his good work.

When the war came to a close, Danburians gave a collective sigh of relief, but no parades were held, no fanfare for the returning troops. Everyone simply went back to work. And, fortunately, there was much work to do.

In 1873, Henry C. Ryder was named Bank treasurer to succeed Mr. Jabine. On September 13 panic struck, shaking to their core the financial underpinnings of the United States and all industrial nations. The New York Stock Exchange closed for 10 days. Three million men were thrown out of work and 20,000 businesses failed with losses totaling nearly \$1 billion. Land and home values tumbled, real estate stalled and liquidation was impossible.

Those who had placed their faith and future in the hands of mutual savings banks had suffered far less than other, more speculative families. Still, the hard financial times saw more wives heading for paying jobs outside the home. With the invention of the type-

writer, a lucky few ended up working in Connecticut banks, including our own.



Henry C. Ryder
Treasurer 1873 - 1917

In 1877, the Connecticut legislature passed laws that required all mutual savings banks adopt a more conservative stance. The state asked each to suspend dividend payments until their surplus funds amounted to three percent of deposits and recommended that up to a maximum of ten percent should be set aside. Solid banks such as ours had no quarrel with the guidelines and no problem meeting them; if anything, its

leaders had to concentrate just to keep cash reserves down to the ten percent level.

Finally, the New York & New Haven Railroad completed its lines through the city, connecting it with Boston and New York City and, along its northern line, to Albany.

Danbury boomed. Between 1880 and 1886, more than 1,000 new buildings were erected, including the first brick commercial block on Main Street (the still prominent Hull & Rogers Building). Germans and Italians flooded in to complement the families of Anglo-Saxon stock and give the Irish workers a run for their money in terms of proud heritage and hard work. Within another generation, most Danbury residents would be foreign born. And, for perhaps the first time, hundreds of Danbury families were able to put something aside for a rainy day – and earn 4.5 percent interest to boot.

Unionized hatters and management reached what seemed to be amicable accords on closed shops in the mid-1880s. Before the decade was out, Danbury became a chartered city of almost 20,000 what we would today call upwardly-mobile people. But storm clouds of dissent were gathering in Danbury's hat factories. These clouds

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would ultimately rain down on the industry here and on the union movement across the nation.

By 1890, factory owners' resentment over growing union power and increased demands saw them simply bolt their factory doors, locking out their unionized workers. Union hatters picketed for months, setting up free soup kitchens to feed families of unemployed members. The pockets of the factory owners were deeper than those of their workers and, after agonizing months of local tension, many union members lost their resolve – or perhaps the financial power to resist – and reluctantly sacrificed the closed-shop concept to regain their jobs. More than half the factories reopened with union and non-union labor.

Several years of local and national prosperity followed, but was abruptly cut short by the Panic of 1893 – caused, some say, by investors' lack of confidence in the federal government's ability to maintain payments in gold. There was widespread unemployment, and \$1 million a day was being withdrawn from savings banks, necessitating the imposition of a 60-day-prior-notice rule.

In the midst of this crisis, Bank President Frederick S. Wildman died in the Fall of 1893 at age 88. He was succeeded by 66-year-old John W. Bacon, who had been a Bank trustee since the Civil War. Bacon, a civil engineering graduate of Trinity College, was heralded as one of the fathers of New England railroads, responsible for planning and building many of the successful lines that crisscrossed the region.

It had taken just 10 years for mutual savings bank deposits to double by 1890 and to double again would take only 13 more.



*John W. Bacon
President 1893 - 1907*