

# Bank Holiday Scrip of Carrington, North Dakota

By Forrest W. Daniel

Five thousand dollars' worth of "Carrington Scrip" was printed for circulation in Carrington, North Dakota, during the week of March 6, 1933. The scrip provided a medium of exchange while bank checking accounts were tied up during the national bank holiday declared by President Franklin D. Roosevelt.

The bank holiday had been expected. Rumors had started on inauguration day, Saturday, March 4th, and preparations for the shortage of currency were being instituted in many areas even before the official declaration was made on Sunday evening, March 5th. Businessman J. N. Kunkel of Carrington learned of the impending currency tie-up while visiting the state bank examiner in Bismarck. They discussed the use of scrip in other areas of the country where state bank holidays had been in effect before the national declaration. Kunkel learned how the plan worked just in case it was needed.

Following the official declaration of the bank holiday, an emergency meeting of Carrington businessmen was called for early Monday morning. The group went over details of the plan.

An association was to be formed to guarantee payment of the scrip. Merchants were to buy the scrip from the association by writing checks against their dormant checking accounts, then issuing it into circulation. As soon as the bank holiday ended, the businessmen's checks would be cleared and the scrip redeemed in cash.

The plan also provided for other contingencies. In case the banks were opened on a limited withdrawal basis, scrip redemptions would be slowed; but they would be made as fast as the money became available. The redemption date of the scrip was set at June 1, 1933. Should the bank holiday be extended beyond that date, or released cash be not sufficient for payment by that time, the plan provided for a second issue of scrip to replace the old issue until all the scrip was redeemed in cash.

There was much talk at the time of an issue of national scrip, and if it had materialized the Carrington scrip would have been paid off in United States scrip.

By 10:30 A.M. the scrip plan had been outlined. It was presented to most of the merchants and approved by 11 o'clock; copy for the scrip went to the printer at noon. A city-wide businessmen's meeting was called for 4 P.M., 75 businessmen attended, and the scrip won their unanimous endorsement and approval.

The issuing authority for the scrip was The Carrington Scrip Association, J. N. Kunkel, president; A. J. Smith, secretary; and Guy Cook, treasurer. Cook was an officer of the local bank which handled the entire issue for the association.

Carrington Scrip was worth its full face value. There were no deductions when it was turned into cash. Local residents were assured the scrip was issued against

money in completely dependable banks. The Foster County State Bank indicated that it was in the best condition in five years and that its cash resources had been increased by \$15,000 in the previous weeks by the new government barnyard loans.

Five thousand dollars \* in \$5, \$1, and 50 cent bills were printed in the local print shop on Monday and were released by the Scrip Association on Tuesday morning. By noon Tuesday merchants had already bought nearly half that amount.

Through issuance of the scrip, business at Carrington remained close to normal. Checks were taken by all the stores and other business houses, but the scrip allowed them to turn into money the larger salary checks they could not accept before. The merchants found no difficulty in using the scrip and no refusals to accept it. In fact, people seemed anxious to own some of the scrip. A total of \$2,122.50 in scrip was sold to merchants the week of March 7th by the Carrington Scrip Association.

All credit open in normal times was still offered, and checks were taken in payment of accounts. The electric and telephone companies accepted checks in amounts of their accounts. The two railroad offices in Carrington took checks from their regular customers for freight and other charges but were not accepting strange checks. The grain elevators had been notified on Saturday not to buy, contract for, or ship any grain, or make any advances on grain during the period of the national bank holiday because the stock and commodity markets would be closed.

Checks and Carrington Scrip were issued for all livestock brought to the Carrington market. The livestock markets all were open with an increase in price encouraging shipping.

Carrington people were eager to buy their first scrip money and put away many pieces as souvenirs. Travelers kept many of the 50 cent bills to show friends. The word got around and on Tuesday afternoon a representative from Cando, North Dakota, picked up some of the scrip to be copied there. The Carrington plan was identical to the proposed national scrip plan which had been circulated in the press, so it received wide acceptance.

A number of local men found the change shortage an opportunity to get rid of a number of pool hall chips. One merchant paid off an 85 cent dray bill with 50 cents in scrip, 30 cents in pool hall chips, and a nickel in cash.

"Hey, I can't take that," the drayman objected, "I want money."

"Well, you're going to take it," the other grinned, "that's what we're using now for money."

With the Carrington Scrip plan in operation, residents read of difficulties in other parts of the country. Lack of cash slowed business to less than half its normal volume. People without cash could make no purchases

if they were unknown to the merchant. Those with cash would only spend for necessities, and premiums were offered for coins for circulation.

The bank holiday was extended to March 15th from its original four-day period. Banks in cities with Federal Reserve Banks opened Monday, March 12th; banks in cities with clearing houses opened Tuesday; and banks in other cities opened on Wednesday. Withdrawals were limited to five per cent of deposits until the banks were cleared for unrestricted operation by the auditors.

The proposed national scrip plan never materialized. On Tuesday, March 7th, Treasury Secretary William H. Woodin announced it would not be necessary. Federal Reserve Banks would be permitted to issue currency with commercial paper as collateral. This proposal was sent to Congress and the act was approved on March 9th. To speed production of the new currency the engraved plates for National Currency Series 1929 were used.

to \$192, and Tuesday's, \$55, a total of \$1,758.50. This left \$364 still to be redeemed. Some shrinkage was expected because a number of pieces had been put away by residents and strangers. More of the scrip was turned in before the June 1st deadline, but no further report was found in the local newspaper after March 23rd. As recalled by the president of the association, the amount unredeemed was small—in the neighborhood of \$20—and cash representing that amount was turned over to a local charitable organization.

The Carrington Scrip was printed by the job printing department of the *Foster County Independent* and was entirely type-set. All denominations were printed with blue ink on yellow safety paper, the size 2¾ by 6¼ inches.

The story has been told that, in spite of the care taken to account for all the scrip and paper, there was one note short in each denomination when the scrip was delivered. A frantic check was made at the print shop,



Carrington Scrip. The 50c and \$5 notes were identical except for the denomination. (Photo courtesy Mayo Meadows)

Letterpress printing added the name of the Federal Reserve Bank and its district letter; the phrase "or by like deposit of other securities" was added to the security obligation. The signatures of bank officials with their titles were also added. Conflicting titles from the original engraved plates were blocked out.

Printing of the Federal Reserve Bank Notes began as soon as the act was signed. The presses ran day and night; the first shipments of the new currency were made on Saturday, March 11th. When the banks began to open on Monday, March 13th, no gold or gold certificates were paid out. Federal Reserve Bank Notes and National Bank Notes were used.

Although the Foster County State Bank was not opened for unrestricted business until March 20th, redemption of Carrington Scrip began on Thursday, March 16th, at the end of the formal bank holiday. Of the \$2,122.50 worth of scrip in use, \$748.50 was redeemed March 16th, the first day the scrip was called in.

Another \$427.50 came in Friday, and an additional \$335.50 on Saturday. Monday's redemptions amounted

and the missing notes were found. One of the printers had put an example of each in the job order envelope.

With the stories of the Carrington Scrip the *Foster County Independent* also carried this story on March 9, 1933:

"In the middle of the worst depression the country has ever seen, Carrington has something new to offer in the way of 'Success' stories. Finishing a \$5,000 run of Carrington's scrip money on a job press at the *Independent* office Monday, Alvin Shenkel, printer, wiped the sweat off his face. 'Well,' he said, 'that's the most money I ever made in one day!'"

\* NOTE: The amount given in the news reports was \$5,000 but evidence from unsigned notes indicates \$15,250 as a more likely amount. The possibility that \$9,000 may have been printed, if the numbering did not begin with No. 1 for each denomination but ran consecutively through the issue, is not considered likely.

SOURCES: *Foster County Independent*, Carrington, North Dakota. Personal interviews and correspondence.