

FUNNY MONEY GETS FUNNIER

June 2008 Presented By Charles Savoie

“CONSTANTLY RISING PRICES BROUGHT ON THE MOST TERRIBLE, COMPLICATED AND DIABOLICAL TORTURE A COUNTRY CAN KNOW.”---Richard Van Kuehlmann, former German Foreign Minister, NYT, March 17, 1933, page 4

“HOARDERS, IN THE OPINION OF THE REVEREND DR. CHRISTIAN F. REISNER, pastor of the Broadway Temple Methodist Episcopal Church, 174th Street and Broadway, ARE TRAITORS AND SHOULD BE DEPRIVED OF CITIZENSHIP.”---NYT, March 6, 1933, page 2 (This minister received \$250,000 in 1929 from Pilgrims Society member John D. Rockefeller Sr.)

“RECENT CORRESPONDENCE AND SUGGESTIONS SEEM TO POINT TO THE IDEA OF A NEW STANDARD OR BASIS OF VALUE---NAMELY WHEAT. WHEAT UNLIKE GOLD IS PERISHABLE, AND THEREFORE CANNOT INDEFINITELY BE HOARDED, WHETHER BY NATIONS OR BY INDIVIDUALS.”---Letter, The Times, London, March 8, 1933, page 10 (Makes me want to watch Alan Ladd's 1947 film, “Wild Harvest” in which he ran a combine crew working the wheat fields. The fields filmed were alfalfa, but maybe some kook thinks alfalfa is as good as wheat for the basis of a world money system!)

“A Department of Commerce report from Java states that, as money is becoming increasingly scarce there, ***THE NATIVES HAVE ADOPTED CIGARETTE COUPONS AS A NEW FORM OF CURRENCY.***”---NYT Magazine, March 26, 1933, page 17



“CITIZENS, AT A GIVEN TIME, MAY PREFER SPECIE TO CURRENCY. THE COURTS CANNOT CONTROL PREFERENCES FOR ONE KIND OF MONEY OVER ANOTHER.”---The Times, London, May 31, 1933, page 21

“IF I HAD \$5,000 IN GOLD I WOULD DEFY THE GOVERNMENT TO COME AND GET IT.”---Idaho Senator William Borah, NYT, April 29, 1933, page 4

“FOR MONETARY PURPOSES THE AGE OF THE GOLD COIN IS PAST.”---The Times, London, “The Royal Mint,” June 20, 1933, page XI

"SHOULD AMERICA ULTIMATELY COME TO INFLATION, IT MUST BE REALIZED THAT HARD MONEY, SUCH AS COPPER, NICKEL AND SILVER, WILL BE HOARDED JUST AS GOLD WAS PRIOR TO AND SHORTLY AFTER MARCH 1933. HISTORY TEACHES THAT UNSOUND CURRENCY ALSO BRINGS ABOUT SERIOUS UNEMPLOYMENT."---NYT, November 23, 1933, page 20

"DETROIT CITY OFFICIALS ARE GROWING CONCERNED FOR THE GREAT ARMY OF DESTITUTE LIVING ON CITY CHARITY, WHICH IS NOW IN DANGER OF COLLAPSE. TWENTY EIGHT THOUSAND FAMILIES ARE SUPPORTED BY THE PUBLIC WELFARE DEPARTMENT OF THE CITY. THEY LIVE BY PRESENTING FOOD CHECKS MADE OUT BY THE CITY AT GROCERY STORES. BUT THE CITY HAS \$6,500,000 TIED UP IN THE GUARDIAN GROUP OF BANKS AND \$2,000,000 IN THE FIRST NATIONAL, AND IS UNABLE TO REDEEM THESE CHECKS. MANY GROCERS COMPLAIN THAT THEY HAVE REACHED THE END OF THEIR RESOURCES AND CAN NO LONGER HONOR THE CHECKS."---NYT, February 26, 1933, section II, page 9)

"THE IMMEDIATE NEED IS FOR A DIME WITH WHICH TO BUY A SANDWICH."---NYT, March 8, 1933, page 2

"THE MAN IN THE STREET, WHO TILL RECENTLY WAS EITHER IGNORANT OF OR INDIFFERENT TO THE NATURE OF MONEY, HAS SUDDENLY COME TO REALIZE THAT IT IS A MATTER OF SUPREME MOMENT TO HIMSELF."---Letter, The Times, London, January 20, 1933, page 8

"AT LEAST 60,000,000 PERSONS ARE Eeking OUT A SEMI-STARVED EXISTENCE IN COUNTRIES EMBRACED BY THE CRISIS. AT THE SAME TIME THERE HAS BEEN A CATASTROPHIC DROP IN THE EARNINGS OF THOSE WHO ARE STILL IN EMPLOYMENT."---Maxim Litvinov, Russian delegate to World Monetary and Economic Conference of 1933, The Times, London, June 15, 1933, page 9. (Litvinov, 1876-1951)---



It wasn't only the unemployed who suffered during the Great Depression, caused by Britain's attack against silver. An underemployed man who couldn't provide for his family on \$30 a week, jumped into a fiery incinerator, as suicides were commonplace (NYT, March 2, 1933, page 18. The paper reported on July 27, 1933, page 8, that Frederick Martin Lewin, carrying a "municipal lodging house admission card," jumped 125 feet from the Manhattan Bridge, his body landing in "Mechanic's Alley, between Cherry and Water Streets.")



("Pogs," colorful but cheap token coins currently used by Army & Air Force Exchange Service overseas because they claim regular coins are too heavy to transport!)

"Scrip issued by local banks and local groups has been used in place of money in depression times for two hundred years. It has never maintained its value over any long period."---NYT, January 22, 1933, section VIII, page 2, "Jobless Thousands Organize To Barter Labor And Goods"

This month's subject matter will be followed by other groups of categorized information concerning monetary related events of the fateful year 1933. The two most important political events of 1933 were the start of the dreadful Franklin Delano Roosevelt years; and the bogus World Monetary and Economic Conference that convened in London on June 12, 1933. This was a Pilgrims Society circus from start to stop, as we will prove.

Many people across the ages have tried to use as money that which lacks the characteristics of the best real money---silver and gold. These efforts always crashed and some of them far faster than our present false system. In the wake of the gargantuan British attack against monetary silver that started in 1926 the Great Depression inevitably arrived. Then in September 1931 Britain also delivered a huge blow against gold by exiting the gold standard and urging other nations to follow its pernicious lead. By the second half of 1932 news stories, such as we saw in the last two month's presentations, began to surface of people hoarding gold and silver, and even cash. This created a shortage of circulating medium especially since as we all must at least instinctively be aware, the banking system is fraudulently structured so as to make it impossible for all depositors to withdraw their accounts in full, especially in a simultaneous rush. As the circulating medium really demonstrated a tightness of frightening proportions by the start of 1933, it was unavoidable that the concept of funny money would become funnier. Rather we should say it became more tragic. On December 5, 1931, the Citizens Bank of Tenino, Washington, failed and the wooden nickel was born---actually a thin rectangle of spruce or cedar at first---see <http://www.friendsoftenino.org/Wooden%20Nickel.htm> The slogan was, "Confidence makes good; Money made of wood." Let's review some of the news stories that are free access in all larger libraries, saving you the cost of your time. Token aluminum coin, date unknown---



Before starting let's consider a significant item in the NYT, "Seek Gold In Old Fields," January 15, 1933, section IV, page 8 subtitled, "Jobless in Carolinas and Georgia May Cause Mines to Reopen"---

"Spartanburg, South Carolina---Throughout sections of the Carolinas and Georgia groups of jobless men and women have been panning the old gold fields for precious metal during the past few months, and this has led to some talk of opportunity for commercial production with the use of more modern methods of mining. At times in the past gold mines have been operated actively in Georgia and the Carolinas, but in recent years it has become a "lost" industry. State geologist H.J. Bryson of North Carolina recently expressed an opinion that the commercial possibilities of the gold field should be reinvestigated."

(There was much activity in those areas during the Jackson administrations due to the "bank wars" and all the useless paper inflicted on the country, and his leadership in combating it.)

"GOLD IS THE ONE PRODUCT IN WHICH THERE CAN SCARCELY BE AN OVERPRODUCTION and Mr. Bryson expressed the belief that no time is more suitable for encouraging the mining activity than at present. He suggested a plan of grubstaking miners seeking to develop the gold deposits as a form of unemployment relief."

(As we enter the era of end stage paper money conflagration, this precious metals mining concept should be applied worldwide.)

"This, he pointed out, would not only furnish work for many unemployed, but would aid in investigating more thoroughly deposits of the metal and would go a long way toward determining more definitely the prospects for gold production on a larger scale. Gold mines have been active in thirty one of North Carolina's hundred counties at some stage of history."

There were two kinds of so-called "scrip" seen in 1933; the assorted types concocted by various organizations, and the banking scrip associated with FDR's so-called bank "holiday," which was in fact a Federal bank freeze lasting from Monday, March 6 until reopenings started on Tuesday, March 14th. Most of the latter type of scrip came first and of course eventually faded. It was a desperation attempt to jump start local economies in the wake of Britain's attacks against silver and gold. Some of these monetary experiments were more outlandish than others. None could

hope to attain the stability offered by precious metals. Typical scene in smaller city of worried depositors waiting for hours on end trying to access their funds---



"Jobless In Minneapolis Organized For Self-Aid," subtitled "Through a Corporation Using Scrip, They Trade Their Labor for a Chance to Buy Commodities," NYT, January 8, 1933, section VIII, page 6---

"Minneapolis is convinced, after a five months trial, that it has hit upon an effective system of self-aid for its jobless. Throughout this city is functioning the Organized Unemployed, Inc., with 18,000 families which perform services for their corporation in return for scrip with which they can buy food, shoes and clothing at its store."

(Actually this was an ingenious system, though never equal to precious metal coinage. Will Americans have to resort to this type expedient again as the runaway spending and debt of the Federal government promises to rain down ruin on them?)

"The idea was conceived by a Methodist pastor, the Rev. George E. Mecklenberg, who believed an organized effort should be made to find work for the thousands of unemployed willing to seek aid from municipal relief funds. Organization of the project began with a mass meeting of jobless the last week in July, at which chairmen were named for all the wards in the city. The chairmen served as members of the organization's central committee and appointed precinct captains, who in turn appointed workers in each block to enroll members."

"A house to house canvass by these workers showed 19,930 men and 5,072 women out of work, with 40,538 dependents, and steps were taken to keep as many as possible out of the breadlines. Labor bartered for food---one of the first moves was to seek farm work for members. The organization struck bargains with farmers whereby the labor at its command was exchanged for produce. When a member of the Organized Unemployed completed his work on the farm the farmer gave him a receipt and sent the produce to the organization in the city. The member presented his receipt at headquarters and received scrip for it. Work has been provided for more than 3,000 men in this manner, mostly on truck farms near the city."

"The same principle has been applied within the city limits. Within the ranks of the organization have been formed forty-five craftsmen's guilds, remindful of the guilds which functioned in the Middle Ages. Carpenters, painters and decorators, plumbers, steamfitters, auto mechanics, printers and electricians have organized their groups and plan to seek jobs on the scrip payment plan."

Typical scene of grim desperation caused by Britain's attack on the world's silver and gold money systems, only slightly alleviated by soup kitchens in early 1930's---



"Other jobs have been created within the organization itself. In churches and schools in each of thirteen wards persons otherwise jobless are working daily at the task of canning fruit and vegetables obtained by bargaining with the farmers, or donated by them for the hauling, or presented by Minneapolis produce men. The canned goods go into warehouses, of which there are seven in different parts of the city."

"A large crew of men have been placed at work making sauerkraut in a factory devised for this purpose. Some 225,000 pounds of cabbage has been received and 30,000 pounds of sauerkraut has been sold. On December 1 there was 143,000 pounds of sauerkraut on hand with 422 barrels stored in a warehouse."

(Picky eaters must have been frustrated!)

"A later development has been the establishment of twenty-seven wood camps, with 642 men at work. The men clear plots of farms near Minneapolis. Fourteen donated trucks to haul the wood to a large lot in the city where it is cut into one foot lengths and sold to member families for scrip."

"The headquarters of the Organized Unemployed are in the old Minneapolis Vocational High School building, no longer used for education. Inside its time ravaged brick walls the first sight to greet one is a huge sign lettered in black with arrows pointing to "Office," "Shoe Shop," "Clothing Shop" and "Store." Following the arrow pointing to "Office," the visitor enters a large room full of desks and tables. A counter stretches across the front. Here smiling clerks wait on men and women who have come for aid. In back of and adjoining the main office are the private offices of directors and leaders. The furniture is plain."

"Down the hall, whose wooden floors tremble with age, the visitor may enter the store, a huge, well lighted room. Here, just as in grocery stores elsewhere, large shelves line the walls from floor to ceiling. On the shelves are row after row of canned goods prepared by men and women of the organization. There is a case full of bakery goods. There are barrels and bins crammed with fruit and vegetables. On adjoining tables are piles of used and donated caps, suits, shirts and other apparel, cleaned and repaired by organization workers. A good looking hat is marked \$1, a neat cost 50 cents. About 1,500 persons visit the store daily to make purchases."

"Only scrip dealt it---a cash register jingles in the store, but it does not mean that a silver piece or a bill of United States currency has been deposited in the drawer. Here scrip is the only money that is used; its denominations are \$10, \$5, \$1, 50 cents, 25 cents and 10 cents. A modern cafeteria serving meals at 10 cents serves 1,000 of the unemployed daily. A booming barter and trade department has also been established, where one may exchange anything for scrip and buy what he desires."

"The second floor of the organization's headquarters has been turned over to house a "hotel." There are 100 clean, comfortable beds which may be obtained by unemployed persons for 15 cents a night."

(Sounds like the New Orleans flop house that Charles Bronson as Depression era street fighter "Chaney" checked into in the 1975 hit "Hard Times.")

"In the basement are departments turning out everything from shoes to potato chips, hominy and cookies. There is a huge warehouse room where tons of produce is kept, waiting for the time when it will be carried to the store and sold to members. Downstairs is the paymaster's office. Behind a grilled cage the payment of scrip takes place. A workman who has completed a job appears at the window with his receipt and gets his scrip, which he can exchange for goods at the store. The scrip bills are protected against counterfeiting by an intricate stamp of the organization."

"A very careful system of issuance has been worked out; for every bill of scrip issued the organization has some concrete article that is worth the value of the bill. The total issue is expected to reach \$4,000,000 this winter."

"Evictions prevented---only the main outlines of the organizations work and program have been dealt with in this article. Its legal department, through talks with landlords, has in many cases prevented or delayed the eviction of needy families, and has given advice to members troubled with a variety of home problems. **FOUR HUNDRED HOMES HAVE BEEN SAVED FROM FORECLOSURE.**"

(I believe it would not be presumptuous at all to suggest that while we have no end of historical basis for maintaining that precious metals are easily the most superior of currencies, we certainly approve of anyone who can, in desperate conditions, work out other means of exchange in order to survive---especially when the problematic conditions weren't their fault!)

"The organization looks forward soon to having a recreation centre established in each ward and also intends to provide education on subjects of economics."

(Let's hope they got the curriculum correct!)

"Through forums and study groups it plans to make a thorough survey of the problems of the small house owner and the rental and housing situations. Besides strengthening the morals of the jobless in a time of distress, it definitely seeks to be a voice in all matters pertaining to unemployment and economic conditions in the city, state and nation."

"Technocrat Gives Energy As A Fee," NYT, January 9, 1933, page 28, subtitled, "Drops Notes for 20 Kilowatts in Collection at Lecture on Electric Dollar" and "Redemption Is Planned" and "15 Horses Capacity for Office Work to be Measure of 50 Cents Worth of College Student's Time"---

"Valeska Becker of Antioch College, Ohio, and 565 West 139th Street became weary yesterday of all this talk about ergs and dynes and joules superceding nickels, dimes and quarters, when, and if, technocracy becomes the accepted economic system. When the collection plate was passed at the morning meeting of the First Humanist Society of New York, Inc., she decided it was time for action."

"Later, when Dr. Francis Potter, head of the society, looked over the collection, he found a neat slip of paper from Miss Becker's memorandum book. It said---"My contribution---I have no money---is twenty kilowatts of my energy in working for humanism." Dr. Potter, who had talked on "Technocracy's Electric Dollars" at the meeting, experienced a great emotional reaction. "Here," he said, exhibiting Miss Becker's note, "you have what is undoubtedly the first specimen of technocratic money in existence."

(What if pledges of contributed effort are voided for whatever reason? What is absolute payment that cannot default no matter what? How did Miss Becker propose to measure the "sum" she quantified?)

"Dr. Potter went on to explain the significance of Miss Becker's contribution. "You know that a watt is 1/746th of 1 horsepower." Interpreting the look of bewilderment as a gleam of intelligence, he continued---"And that a kilowatt is 1,000 times that amount or three-fourths of 1 horsepower? In other words, Miss Becker has offered twenty kilowatts, which would be equal to about 15 horsepower."

"Dimly, the reporter recalled a recent news item proposing substitution of "electric" or "Edison" dollars, each worth about forty kilowatt hours, as a constant basis of evaluation in place of the current dollar. Miss Becker's contribution, then, would be worth about 50 cents of the antiquated existing dollar. I intend to request the redemption of this note," said Dr. Potter. "I shall figure out how much typing and general office work fifteen horses could do, and then allow Miss Becker to work out her contribution of technocratic money."

(This is such a pathetic instance of attempted substitution for real money! Please write your own commentary!)

"Dr. Potter mentioned in passing that he is giving a series of six lectures on technocracy on Sunday mornings at the quarters of the Humanist Society in Steinway Hall."

According to <http://w3.byuh.edu/library/curriculum/GreatDepression/GreatDepression.htm> ---

"Every fall my parents would make tunnels of dirt and plant cabbage and vegetables in the tunnels. This preserved the vegetables. We would then dig them out in the winter and cook them. We never went hungry. My mom preserved everything."

(True stories of determination making survival possible were commonplace. The immeasurable tragedy is that all that privation could have been avoided, had Great Britain not attacked the world's precious metal money systems!)

Commonplace scene of desperate unemployed men in bitter wintertime weather during the Great Depression---man's cup of soup has been emptied without answering all his hunger (scenes in China were often worse)---



"Back Barter In Harlem" subtitled, "Business Men Recognize Scrip Issued for Hours of Labor" appeared in the NYT, January 10, 1933, page 40---

"The recognition by Harlem business men of scrip money, representing hours of work and redeemable in groceries, meats, shoes or dental service, is the aim of the Harlem Mutual Exchange, which has opened at 111 West 135th Street, under the direction of Miss Florence King of the Emergency Exchange Association, Inc. Fifty-two applicants for jobs on a strictly scrip basis have already been enrolled by the exchange. Rent is donated by the landlord of the building, and all operating expenses are paid by private contributors."

"The new bureau combines features of the employment agency, the community market, and the relief bureau. The plan is to exchange labor for the more essential commodities of life by issuing notes in denominations ranging from 5 cents to \$10, lending a stated amount of these notes weekly to reputable business men, and accepting them in exchange for services rendered by its otherwise unemployed clients. The scrip notes would then amount to credit checks on the firm disbursing them and on all other firms identified with the system."

"Labor Gets Scrip In Bartered Jobs," NYT, January 14, 1933, page 3 with subtitles, "Paper Good for Merchandise or Professional Services Paid Out Instead of Money" and "Value Is Proved

Quickly” and “Part of \$30 Earned by Member of Inwood Group Cancels Two Debts Without Cash”---

“With the paying off of labor last night in scrip instead of cash, the set-up of the Inwood Mutual Exchange became complete as the 235 unemployed members and a group of business men met in Public School 52, Vermilyea Avenue and Academy Street. William Graves, who earned \$30 in the scrip recently when he and several other men from the organization went into Eastern Pennsylvania and did 138 hours of work on a farm, was the first to be paid in the new medium of exchange in the community. For the 138 hours of work done by the men, the exchange received 213 bushels of apples, which subsequently were placed in Inwood fruit stores at a price of \$1 a bushel.”

“Graves looked at the scrip, which was in denominations ranging from 5 cents to \$5, and then looked inquiringly at Gordon Mitchell, the cashier. Mitchell then read off a list of some fifty business and professional men of the community who would accept the scrip for merchandise or services. The list included doctors, dentists, grocers, clothing dealers, music store keepers, barbers and others. Mitchell explained that thus far no butcher has been found who has become indebted to the exchange for labor.”

“A complete cycle of the money then began. Graves, who has had his piano tuned recently on the barter plan, paid off the tuner, Fred Dawson. Dawson in turn paid Zena Ellison, a stenographer of the exchange, who had done some typing for him. Miss Ellison got \$2 of the \$3 Graves paid for the tuning of the piano. She expects to go today to the dry goods store of Mrs. F. McMillan at 2125 Amsterdam Avenue and spent the \$2. Mrs. McMillan owes the exchange \$8 for some carpenter work done in her store. Thus part of the scrip will return immediately to its source.”

“The new “money” was introduced by Jacob Baker of the Emergency Exchange Bureau, 52 Vanderbilt Avenue, the parent body which has eight similar local projects in the making in the city. He cautioned the members of the Inwood exchange not to hold the scrip cheaply, as on the value at which they held it would depend the future credit of the exchange. Robert Berry, chairman of the exchange, presided, and detailed reports of progress made in the bartering of labor and merchandise were read by Mitchell, who was one of the organizers; James Bell, head of the sale division, and Burton Swart, office manager at the exchange headquarters, which are at 4861 Broadway.”

According to http://blogasheville.blogspot.com/2006_06_01_archive.html --

“Asheville's financial boom was silenced abruptly on Nov. 20, 1930, when the Central Bank and Trust Company, major holder of county funds, became insolvent. The great depression descended on Buncombe County as holdings plummeted from nearly \$180 million in 1927 to \$80 million in 1933. Massive debt for the city and county loomed as schools and sanitary districts were deprived of much-needed funds.”

The Great Depression saw vastly reduced rates of migration from farms to cities as being able to grow food became more important than ever. Depression era farm near Asheville---



The NYT, January 15, 1933, section IV, page 8, "500,000 Turn To Use Of Wooden Money," subtitled, "Communities in 29 States Are Buying Goods and Services With New Medium" and "It Supplants Real Barter" and "Movement Started in Seattle Where 50,000 People Are Using the System" and "Stamps Affixed Periodically Would Give Scrip a Solid Redemption Basis" was penned by Stuart Chase (1888-1985) who was a "one-worlder" employed in 1949 by United Nations Educational, Scientific and Cultural Organization (UNESCO)---



"The favorite wisecrack of the depression, "What are you going to use for money?" turns out to be no wisecrack at all for at least 500,000 persons in the United States today. They are buying goods and services with "wooden money;" money which has no legal backing, no authorization from the government, but which works."

"Failing abrupt recovery, of which no signs are now visible, it is probable that before the year is out **MILLIONS WILL BE DOING BUSINESS WITHOUT LEGAL TENDER**. Scores of communities, in twenty-nine States, are using this new and, incidentally, very old method for increasing purchasing power. In Seattle, where the movement seems to have started more than a year ago, 50,000 members, organized into twenty locals, have not only markedly improved their economic position but have formed a political party strong enough to influence the city government."

(Let's see where this is leading.)

"Another organization, the Natural Development Association of Salt Lake City, has 30,000 members and branches in four States. Statewide clearing houses are forming, and in New York

a national organization is being developed. Altogether, there are 144 organizations throughout the country. The States where this movement is under way in some form are Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Washington, Wisconsin and Wyoming."

"Competent observers agree that whatever the causes of the depression, lack of effective purchasing power by the ultimate consumer is prolonging it, and that no recovery is possible until this purchasing power is available. Day by day it shrinks and the need for its expansion becomes more bitter. There are three major methods for stimulating purchasing power deliberately--- 1) As part of a complete revision of the economic system on the principle of coordinated central planning. 2) By currency inflation, with or without a huge public works program. 3) By voluntary agreement of local communities and groups to accept the wooden money substitute."

"The first, in my opinion, is the ultimate and best way, but we shall hardly complete the necessary educational course to put it into operation in 1933. The second has been the subject of bitter dispute. The almost universal opposition of bankers and creditors does not presage early adoption. There is a chance however, that it will be tried in 1933. Wisely guarded and administered, inflation can prove very hopeful; badly designed, it can prove almost fatal."

(Chase was poorly acquainted with monetary history to think a fine line could be safely walked when handling fire.)

"With planning out for the moment, and inflation dubious, the third method would seem the inevitable immediate choice. Half a million people have already chosen it. While Congress argues and captains of industry go into conference, Main Street can get action; get it in ten days. Exchange groups are springing up almost spontaneously. **IDLE MEN WANT WORK AND FOOD**, business men want sales, farmers want to dispose of their crops, professional men to market their services."

"These wants are urgent and cumulatively tremendous. They may be satisfied through barter and scrip exchanges, on one condition---cooperation with the group, playing the economic game with the community rather than alone. This is a hard condition for Americans to meet, **BUT AS THE DEPRESSION DEEPENS, MORE AND MORE ARE MEETING IT.**"

"The principle may be stated very simply. Here is a plumber. He has no job, but a splitting toothache. Here is a dentist. He has very few patients and a leak in his bathroom."

(Too hypothetical---what if the dentist has no leak? What if he fixes it himself? If the plumber has some clove oil, he may find the toothache ended.)

"The plumber says to the dentist---"If you fix my tooth, I will fix your bathroom." The dentist agrees. The plumber has a job to pay for dental work; the dentist has a patient through whom he pays for plumbing. No cash changes hands, but all the prime values of cash have been served. This is barter, pure and simple, the oldest market system in the world."

"Now suppose, in addition to the plumber and the dentist, we had a few farmers, a physician, a barber, a truck driver, carpenters, electricians, shoe repairers, laundry workers, tailors, a landlord or two, a restaurant, day laborers and a central office in which all these people were registered, and which could organize and facilitate exchange of goods and services."

(Do you see another problem? The frequency with which people need the assistance of certain professions is far less than their need, for example, of the grocer.)

"Each member has agreed to forswear profit, sharp trading and grousing and to cooperate to the best of his ability. This is the second step, an organized barter exchange. **IT IS VIRTUALLY IMPOSSIBLE FOR SUCH A GROUP, EVEN IF IT INCLUDED A WHOLE CITY, TO PROVIDE MEMBERS WITH ALL THEIR BASIC NEEDS.** The immediate purpose is to fill gaps, create employment, put idle plumbers in touch with idle dentists."

"Printed scrip---under this plan, which many communities have put into practice and which some are experimenting with, the central office must do a lot of bookkeeping, coordinating, interviewing, arranging. Straight barter has ever been a clumsy instrument. We go on then to the third step and introduce a medium of exchange, to reduce bookkeeping and facilitate transactions. "Wooden money" usually takes the form of printed scrip, in pads like petty cash tickets, in denominations of 5 cents, 10 cents, up to \$10."

"The group pays one another for goods and services in this scrip. It works just as well as regular money, in some ways better, **BECAUSE THERE IS NO POINT IN HOARDING IT**, lending it or charging interest for it, provided the group has unanimously agreed to take it. If some will and some won't, and some aren't sure, **THE PLAN COLLAPSES INSTANTLY.**"

(How would a person save wealth in a purely monetary form such as a precious metal allows---in the system he described? How would it be used to create a pension?)

"Experience shows that a small group, grimly determined to honor this medium of exchange, will find the circle widening. Storekeepers come in, taking a part of their weekly turnover in scrip; landlords come in; professional people. In Salt Lake City railroads are taking it, coal mines are bought with it and banks are clearing it."

(Clearly this system couldn't work for transoceanic trade---for international commerce. Distance and geography are badly limiting factors. Precious metals have universal reach and are unapproachable as the ultimate forms of currency. Any Utah coal mines bought with "scrip" must have been small operations to start with.)

"BACK OF THE SCRIP STANDS NOT GOLD or signed paper, but real wealth, the labor and the products of the group. Purchasing power is expanded by the scrip, real wealth is expanded by the goods and services which otherwise would be idle or nonexistent."

"The usual method for launching scrip is to have the central office print it and proceed to get it into circulation by---1) Lending it to unemployed group members of good character in return for their notes, payable in scrip. 2) Buying food with it from group farmers for sale in the exchange store. The farmer pays his help with it, buys other goods from the exchange store, say shirts or

furniture; has his hair cut by the group barber. 3) Lending it to business men or tradesmen and taking their note for it, payable in scrip. They use it for paying help, repairs, services, supplies.”

(Probably most of those using this system would have conceded that silver coins would have served far better. However, due to the severe and extreme conditions reached in the Great Depression, circulating money got to be in short supply. Hard metal coins were hoarded as smarter folks moved out of paper currency. This was all a prelude to Roosevelt’s infamous actions against gold and silver ownership. His British pals laid the foundation for these conditions to affect the whole world, and he followed through by screwing American citizens.)

“Stamps give cost value---some scrip is canceled after each full transaction; most scrip plans have a redemption goal in mind. Some have failed through lack of confidence in the steadfastness of this goal. Professor Irving Fisher is agitating a plan for full cash redemption in one year by affixing a special two-cent stamp, paid for in real money, on a dollar’s worth of scrip, every Wednesday. At the end of a year \$1.04 has been paid and should be in the bank, deposited by the central office which sells the stamps, to redeem the scrip.”

(Yale University economics professor Irving Fisher, who lectured at the London School of Economics in 1921, was a member of the Royal Economic Association, the Royal Statistical Society and the League to Enforce Peace, which advocated turning the League of Nations into a world government. Hamilton Holt of The Pilgrims Society, president of Rollins College, helped found the League to Enforce Peace, the Italy America Society, the Netherlands America Foundation, Friends of Poland and was active with the Woodrow Wilson Foundation---Who’s Who, page 1155, 1933 edition. Fisher was a member of Roosevelt’s National Conservation Commission.)

“A secondary virtue of this plan is rapid circulation---buy something at once and let the next chap put on the stamp. ***IF THE STAMP IS NOT PUT ON THE CERTIFICATE BEGINS IMMEDIATELY TO DEPRECIATE.***”

(A risk that precious metals are immune from; at least, once the era of government dumping ended! Anyone dumping today lacks the quantity necessary to do much damage to price quotes.)

“This plan has worked well in certain German communities, and is being tried at Hawarden, Iowa. It does not require registration of members or catalogue of their abilities and productive capacities.”

(No offense intended to residents of very small towns but---any of you ever hear of that place? The Word program, to my surprise, knew it. Let’s see how this scrip embellished barter system worked in larger cities.)

“A city government can start it. It requires only acceptance by enough people to make it work. It leans away from the barter group and approaches the status of legal money, a sort of light cavalry brigade, very fast moving, attached to the regular army.”

(Whatever may be said of his analogies, what did he mean by “legal money?” Federal Reserve issues, or strictly precious metal coin?)

"Nakedly stated, to people used to traditional money concepts and traditional economic behavior **THESE PLANS SOUND FANTASTIC, ABSURD, DANGEROUS**. They work for half a million people; presently a million, two million. They will not solve the problem of purchasing power in its larger and longer aspects, but they may do much to mitigate the intolerable ravages of the depression, to restore self respect and tangible comfort. Operating on a national scale, they might even prime the pump to start the economic mechanism moving upward."

(Still, people cannot be faulted for making attempts, however flawed and naturally limited, to improve their condition, in situations that present a lack of better currency. The British inflicted this hellish scene on the world and plenty of people were too shortsighted to reach the clear conclusion.)

"If scrip enters into really wide circulation its effect should be to supplement the purchasing power of legal money, stimulate business, raise prices and thus quicken the circulation of real money."

(Again---what was his definition of real money?)

"However temporary the economic benefits, the movement cannot fail to teach two very important lessons---**NECESSITY OF COOPERATION AND THE FACT THAT WEALTH DOES NOT COME OUT OF BANKS BUT FROM HUMAN LABOR, PHYSICAL AND MENTAL.**"

(Great closing statement!)

The same NYT edition featured another article appearing ahead of it (section II, January 15, 1933, page 15) entitled, "Bankers Oppose Scrip For Nation" with subtitles, "While Suitable for Localities, its Use Nationally Is Seen as Threat to Dollar" and "Interest In Plan Grows" and "Many Communities Watch First Trials---One Project Would Release a Billion"---

"While admitting that the issuance of scrip money as strictly community propositions might be of some benefit, leading banking authorities yesterday frowned on the increasing efforts to adopt the plan nationally, as leading to the debasement of sound currency. Basing their views on the old economic principle that bad money drives out good money, these authorities predicted chaotic financial conditions would follow any fiat money scheme on a national scope."

(How many of you are acquainted with any bankers---including small town---that have declared for gold and silver based money? How many of them are admitting that without precious metals, all other money is, in varying degrees, fiat? Notice the bankers disliked the fact that many unemployed organized to find ways to survive the depression!)

"Interest in scrip money, particularly the self-liquidating stamped type, increased steadily during 1932, and in the last two weeks the number of proposals for its adoption nationally has multiplied rapidly. Endorsement of the plan by Professor Irving Fisher of Yale University a short time ago gave impetus to the movement, with the result that at the present time several business men and economists, whose knowledge of the intricacies of currency and monetary matters is doubted by banking authorities, have given their approval to the scheme."

"Scrip revived in Germany---originating in 1890 and more or less dormant since that time until it was revived in Germany and Austria about a year and a half ago, the stamped scrip idea has bounded rapidly into national prominence and, following its tryout in Hawarden, Iowa, is now being hailed as a way out of the depression. Stamped scrip is the outgrowth of various forms of barter plans, of which there are now about 150 in twenty nine states. Of these, stamped scrip is on the way to being adopted in about forty-five communities, which have watched with interest the Hawarden and the Evanston, Illinois experiments."

"Briefly, stamped scrip is a certificate, with a certain number of spaces on which a stamp is to be attached each time the certificate changes hands. For instance, on one of \$1 denomination, fifty-two spaces are provided for the affixing of a 2 cent stamp for each transaction. The stamps, which are bought from the issuing body, which may be a local government or a chamber of commerce, creates a redemption fund, so that when the fifty-two stamps are attached and canceled, the \$1 scrip can be redeemed for that amount, the extra 4 cents accruing to the sponsors for printing and other charges."

"In the plan now operative, the scrip has had a very limited circulation. In Hawarden, 300 \$1 certificates were issued to the unemployed for work on public improvements and acceptance of the scrip was confined to local merchants. Since these merchants could not pay their suppliers in scrip, the bulk of it circulated among themselves, although part of it went to the payment of light and gas bills. Toledo plans a \$500,000 issue of scrip."

(That the city of Toledo, a major city of Ohio, had plans to go that far with a scrip experiment, shows how desperate the conditions were in the Great Depression.)

"Denied as fiat money---sponsors of the plan claim that its self-redemption feature takes it out of the class of fiat money and that it is a substitute for actual currency backed by gold, only in the sense that mortgages, installment buying and other similar devices are substitutes. Indicative of the type of scrip plans on a national scale being offered in various quarters but on a somewhat more ambiguous basis than most, is one suggested here last week by J. Briskman, a financing broker. Mr. Briskman would create a private dividend paying corporation, with the Federal Treasury as trustee, which would issue stamped scrip to the extent of \$100 to every individual over 16 years of age in the United States."

(Sounds like a shameless opportunist, this Briskman; probably wanted his business to be "brisk.")

"The scrip in the form of a "mortgage" certificate, issued fortnightly in ten installments alternating at \$10 and \$11, would contain twenty-six spaces for the affixing of a four cent stamp for each turnover. The extra 4 cents for each \$1 would accrue to the corporation to cover financing, printing and other overhead expenses. To prevent stagnation banks would not accept the scrip until it was fully redeemable."

(The closest I ever came to using scrip, outside of the familiar Federal Reserve Notes, was the old green stamps and another regional variety known as Scotty's. You pasted them in a collection book and when full, presented them for redemption in merchandise at designated locations. The cost of the merchandise was factored into prices paid by consumers at the time

stamps were given as bonuses for store loyalty. Those who never redeemed stamps constituted the program's profit!)

"Adoption of such a plan, Mr. Briskman claimed, would immediately start trade and commerce booming, aid the banks through increasing their liquidity, provide more money for taxation by the government, put an end to hoarding through restoration of business confidence and divert collected unemployment relief funds to self-liquidating public works."

"LEADING BANKING AUTHORITIES, HOWEVER, DISCLAIM ANY SUCH BENEFITS FROM A NATIONAL SCRIP PLAN AND HOLD THAT, ON THE CONTRARY, IT WOULD LEAD TO FINANCIAL CHAOS. Bad money always drives out good money, they declared, and the first indications of any national legislation, which would be necessary to legalize scrip, would start a chain of untoward events."

(The leading banking authorities were executives of the country's largest regional banks, members of the Federal Reserve System. They knew that in order for their greed to be facilitated to the fullest extent, no form of national or even regionally confined, competing currencies could be tolerated. It would initiate a chain of "untoward events.")

"Would create chaos---in the first place, the immediate impression would be that the scrip offering was a prelude to abandonment of the gold standard, they said."

(These same bankers, and their offspring, relatives, in-laws and chosen successors, absolutely abandoned the gold standard by supporting the infamous Nixon move in August 1971! Only if someone else led the way away from gold, was it considered a threat!)

"Foreign countries and investors would immediately start to sell the dollar and American securities. Depositors in American banks would withdraw their savings, investors would sell stocks, mortgages and other securities backed by gold, and the general result would be the same as that resulting from any other debasement of the national currency."

"Such bankers admitted that scrip may be of some benefit as a purely local proposition, **BUT THEY TABOOED IT AS A NATIONAL PROJECT.** They viewed its development as a symptom of the current hysterical demands that "something be done." One banker declared that only the sound orthodox plans of action are necessary to start a revival, citing the instance of Germany a few years after the war. At that time, he said, the debasement of German currency had plunged the country into a severe depression, but once the currency was stabilized an immediate upturn developed."

(The unidentified banker referred to the Dawes Plan for Germany, under which the so-called "Rentenmark" paper currency allegedly represented nonspecific real estate titles to German land. Dawes was another Pilgrims Society member as detailed in "The Greatest Right," Archives of Silver Investor. Gee, unless scrip is issued by a central bank, it should be frowned on, and prohibited!)

The NYT, January 22, 1933, section VIII, page 2, "Jobless Thousands Organize To Barter Labor And Goods" subtitled, "The Self Help Movement, Widespread in the West, Appears Here---Scrip Is Issued by Work Exchanges to Serve as Money"---

“People without jobs or money are banding together in local groups in various parts of the land to combat the depression by resorting to the ancient system of barter by issuing scrip to pass as money among themselves and their neighbors.”

(This is the first instance here in which the word scrip was spelled “script.” The first spelling is the more correct.)

“More or less successfully, they are getting along by serving one another’s needs, exchanging their labor and goods for the labor and the goods of others of their group. Estimates vary as to the number of Americans actually living under the barter plan or some variety of it. In Southern California the total of persons said to have benefited is placed at 350,000. In Minneapolis 4,000 families look to the plan for their support. In Utah the number is 10,000 persons; in Colorado, 40,000. The recent statement of Stuart Chase that half a million persons in the United States are relying in some degree on barter for the necessities of life **IS PROBABLY CONSERVATIVE.**”

“Spread of the movement---organizations for self help among the unemployed have been operating in the West for a year or more. There are now 150 on the list, and new ones are forming every week as the movement spreads eastward. New York City has two mutual exchanges at work, two more about to open, and others in prospect, all sponsored by the Emergency Exchange Association of 52 Vanderbilt Avenue, a volunteer group of economists, industrial engineers and others who have seen that the idea is effective elsewhere and believe it can be applied here in many of the neighborhoods that make up the greater city.”

“The sense of common interest of the neighborhood group is regarded as essential to the success of the plan, which works best where people know one another and suffer privations together. The Inwood Mutual Exchange is typical of many of the self-help organizations in the country. It began two months ago with a house-to-house canvass of the unemployed of the neighborhood, conducted by men who themselves were out of work. Men and women were invited to attend a meeting at which the plans were set forth.”

“As a result, 250 members have joined the exchange. Each agrees to give his labor for goods and services that he receives as directed by the management, and to give half a day’s work a week or its equivalent as dues. The dues provide for the expenses of the office. There is no money in the scheme for anybody. There is, however, work that can be exchanged for food, clothing and other necessities if the plan succeeds, and there is maintenance of morals among the members in a time of demoralizing idleness.”

“Scrip issued for service---included at Inwood are laborers, skilled workers of many trades, and not a few professional people. Since direct exchange is not easy to arrange among so many members, the organization issues credit tokens for labor performed or for commodities delivered. The tokens are printed scrip in various denominations up to \$5. The scrip looks a little like money and passes for money among the members. The members perform services for local tradesmen, doctors, dentists and others and thus establish credits for the exchange, against which the exchange can issue scrip. Twenty-two Inwood merchants now accept the credit tokens, within limits, as payment for goods, and trade is thus increased. The merchants who accept the scrip can use it in many of their local dealings.”

"The story has been told in print in recent days of the farmer of New Hope, Pennsylvania, who needed a new building on his farm but had no money to pay for it. He had, however, a surplus of apples. Workmen of Inwood went to New Hope, did the work and brought back 200 bushels of apples. The best of the apples were placed with local merchants, who thus became debtors to the exchange. Members of the exchange holding certificates representing work performed can swap those certificates for groceries."

"The less salable apples were converted into jelly and apple butter by unemployed women members and thus the exchange had another source of credit. "Barter Brand" jelly is popular in the vicinity, and a pyramid of jars of apple products attracts the eye in the window of the vacant store at 4861 Broadway, the exchange headquarters."

(Apparently it was vacant as in another operation was there previously.)

"The apple episode started long chains of activity in the neighborhood. A carpenter had his piano tuned. The piano tuner employed a typist to get out some advertising for him. The typist bought clothing. The dry goods merchant will patronize one of the exchange dentists, it is said. The dentist has a job of plumbing that he has been unable to have done, but now he will send to the exchange for a plumber, after which the plumber can afford to buy a pair of shoes for his daughter. Thus the chain runs, and not a cent of real money is used."

"Until real money is again circulating freely, the Inwood self-helpers will try to manage with the tokens to which their labor gives value within their circle. A similar exchange opened last week in Greenwich Village, and exchanges are registering members in Harlem and Astoria. The idea is under consideration in other neighborhoods in the city, in several in Westchester County centres and in New Jersey."

"No great results are expected at Inwood for several weeks, but those in charge point out that all of the older undertakings of the sort in the country have begun slowly and precariously. A survey of the barter situation in centres where the plan has been tried for some time discloses both successes and failures. Some of the findings are here given"---

"Minneapolis---The Organized Unemployed, Inc., occupies a vacant school building and a school board warehouse. It runs a barter and exchange department, a retail store, a shoe repair shop, a restaurant, a clothing factory, a sauerkraut plant and a canning department. Fruits and vegetables are preserved and stored to feed members this winter. The raw materials for these projects are obtained by barter methods, the fruits and vegetables from farmers in payment for field labor of members."

"Firewood is obtained for the work of crews of men who clear land for farmers. There are twenty-seven firewood camps. The organization has issued more than \$20,000 in scrip money since it started last fall. It runs a bank of its own, where the scrip is handled with the same care as money in regular banks. Several downtown stores accept the "unemployed money" at its face value, later using it in purchasing goods manufactured by the organization."

"More than 4,000 families have received part time work, the scrip which they earn permitting them to carry on without regular jobs or money and no appeal to charity. In fact, persons receiving public aid are not invited to join the Organized Unemployed."

(That was a fine point---they wanted everyone to make an active contribution.)

“Each city ward has a committee of five. The chairmen of the wards and the heads of the producing committees form the central committee, which has final authority. There is a captain for each ward precinct and a worker for each block. Branch stores, “trading posts,” in outlying parts of the city are to be established. The business turnover of this organization sometimes totals \$5,000 a day.”

“Los Angeles---self help exchanges have been ordered by the State Labor Commission **TO DISCONTINUE IMMEDIATELY ISSUANCE OF ANY KIND OF SCRIP IN EXCHANGE FOR SERVICES**, that act being held in violation of the state paycheck law. It is estimated that the exchange organizations under investigation have a total of \$380,000 in scrip outstanding **WHICH THEY ARE UNABLE TO REDEEM.**”

(How can anyone beat gold and silver coins? When you’ve received them, there is nothing to redeem! They require no government backing! Indeed, the statement that anything of value is “backed by the United States government” is seriously appalling, since this government is bankrupt! No Congress can by any legislation change natural law.)

“The investigation does not include any of the thirty-seven units of the Cooperative Unemployment Relief Association, which started at Compton a year ago and has since spread over the country. The order hits them, however, because they issue written orders on their commissary in payment for work. The plan fathered at Compton has been the most successful of all. It deals chiefly with food. Other organizations have undertaken to exchange, or even to sell, almost anything.”

“The basic difficulty of all exchanges is to obtain staple commodities and operating equipment. One unit has a complete bakery but no flour. Another has the use of a cannery but no cans in which to save surplus perishable foodstuffs. A plan is being considered whereby county and city will contribute from public relief funds to provide these unobtainable staple supplies. A law is proposed to legalize scrip for self help purposes.”

“Salt Lake City---The Natural Development Association is about a year old. Its experience is summed up by its first vice president Wilford O. Woodruff as follows---“There is no question about the success of the system. The only thing to do is to get a good, conservative and cooperating membership. The danger is in going too fast. This association has found that the depressed economic conditions have stimulated its growth and could very readily lead to an unnatural growth that might spell disaster. **PEOPLE HAVE EXAGGERATED THE THINGS WE HAVE BEEN ABLE TO DO**, but the organization has been a great help in meeting an unpleasant situation. **WE DEAL AT PRESENT IN PERHAPS 10 PER CENT OF THE THINGS WE NEED.**”

(Those highlighted areas express basic facts about the scrip embellished barter system.)

“Scrip is used. The association has seven branches in Utah, five in Idaho and others in California and Arizona. In seven months last year it paid \$175,000 in wages, with only \$3 in cash from outside sources.”

(Dividing 3 into 175,000, ironically yields the figure 58,333.333. 14 karat gold is 58.333% pure gold. This was of course purely coincidence.)

"The payments were mostly in scrip, and the scrip was turned over several times before returning. There are about 10,000 persons in the families of the members of the association. A carload of Idaho potatoes for which the owner could find no market started the association on its way when there were but twenty members. Now the association has a barber shop and a tannery. It has the privilege of working an idle coal mine. It has a store that does an average day's business of \$2,500. It has a branch at Oakland, California, and from there imports fish and fruit. It has a daylight restaurant---**THE POWER COMPANY WILL NOT ACCEPT PAYMENT IN SCRIP FOR ELECTRIC LIGHT.**"

"Denver---About 40,000 people of Colorado are keeping themselves in the bare necessities of life without burdening relief agencies. They are members of the Unemployed Citizens League, and by mutual aid they are solving a problem that at the start of winter looked grave. A Denver architect, Charles D. Strong, launched the league last July. Now there are a dozen local chapters in Colorado and the society is spreading into Wyoming. In Denver alone it embraces 20,000 people, of whom 4,700 are heads of families. It has carried on for six months on less than \$300 cash."

"Any man who is willing to work for bread, clothing and lodging can receive help. There is no cash return, and **SCRIP BEING ILLEGAL IN THE STATE**, workers are paid through a system of bookkeeping. Every type of worker is enrolled. Two community kitchens are maintained. Unemployed bakers supply members with bread baked in a plant donated to the league."

"The national government has turned over to the league a large tract of timber. Truck owners transport workers to the tract and haul back the wood they cut. The league has cobblers and barbers. Last summer the league exchanged member labor for tons of foodstuffs from farmers. The women canned much of the food for winter use. For work done by league carpenters, plasterers and plumbers the league has the use for a year of an apartment house and gives shelter to twenty-eight families evicted from their homes. Many women members are busy at dressmaking."

(Reading old newspaper accounts, near-archaic words like cobbler are often encountered. Today we'd say shoemaker. As for the dressmaking, that too appears nearly archaic as the factory work in two World Wars sent women into trousers.)

"Dayton Ohio---nine groups, including 700 families, have combined to form the Dayton Association of Cooperative Production Units. Each unit elects its own management and sends representatives to the central council, which body determines the collective policy of the units. The unit analyzes the needs of its members, then systematically plans to meet those needs through direct family and group production. Products are produced to barter for commodities which the unit is unable to produce."

"Occasionally a little cash is called for, but in six months the units have produced \$27,000 worth of goods with a cash outlay of only \$800. The following commodities are being produced---flour, baked and canned goods, poultry and dairy products, cloth, shirts, dresses, underwear, overcoats, suits, shoes, bedding, furniture, soap, cord and wood. Raw material and equipment

for production are requisitioned through a city commissary and paid for in finished commodities.”

“Dayton is building up a revolving fund from which loans for approved projects of the unemployed can be obtained. Plans are under way for establishing homestead units in the country where production for self-maintenance can become more nearly complete and variety of occupation be assured. Rather than being engrossed in a temporary bread and butter expedient, the Dayton units look forward to finding a new way of living for themselves and others.”

“Inequalities of the movement---these reports indicate generally the extent of the self-help movement, the methods adopted and the difficulties encountered. Some of the 150 places on the list are content to hold a weekly barter day, a town fair for the exchange of goods. Other places, such as Dayton and Minneapolis, have taken important steps toward relieving the local want that has followed unemployment. In Seattle and Tacoma large organizations of the unemployed are interested more in securing and administering public relief than in mutual production. ***RADICALS THERE, AS ELSEWHERE, DISCOURAGE THE SELF-HELP IDEA.***”

(Those trying to assist each other were more in keeping with the pioneer spirit of earlier times and undoubtedly would have outperformed the “radicals” in any jungle survival situation.)

“The Emergency Exchange Association, banker of the movement in this city, is proceeding cautiously, recognizing the perils that lie ahead. This group includes Leland Olds, John Kirkland Clark, John Carmody, John D. Farnham, Arthur Holden and Dr. Frank D. Graham, Princeton economist. Jacob Baker, executive director, explained last week the project here. He pointed to the need for immediate action of some sort, and to the inadequacy of available relief funds. His belief is that the unemployed themselves can best remedy their situation if a way can be found to bring idle labor, idle materials and idle machines together under intelligent leadership, that leadership to come from the ranks of the unemployed.”

(Frank Graham was a member of the American Economic Association and received funds from the Guggenheim Foundation in 1927-1928. John K. Clark was an attorney with offices at 72 Wall Street. He was a member of a law firm, 1902-1904, with a member of the Hornblower family of Pilgrims Society members. Clark was an assistant to Charles S. Whitman, a Pilgrims Society member who became New York governor, 1915-1918, then assumed an office at 40 Wall Street. Clark was an 1899 graduate of Yale and became a trustee of the Legal Aid Society. Roosevelt appointed Leland Olds to the Federal Power Commission in 1939.)

“The association will assist local exchanges in getting started, as at Inwood. It will try to provide contacts between city and rural groups for the interchange of city made articles and country food and raw materials. Local merchants will be asked to cooperate. Landlords with vacant space and unable to pay cash for the upkeep of their buildings will be urged to use the exchange labor and to give housing in return. Several landlords in Greenwich Village have already assented to such an arrangement.”

“Trucks kept in repair and driven by unemployed will be used whenever possible for transportation of exchange materials. When real money is necessary to pay for rail transport, telephone, light, power, insurance etc., appeal will be made to relief agencies, the argument

being that their funds thus used will not be doles but investments that will help to end the need for giving doles.”

“An objection to the self help plan is that a store conducted by the unemployed and accepting scrip for purchases is competing with regular stores. Dr. George Mecklenburg, Minneapolis minister, founder of the movement there, answers that the people who have scrip to spend had to be unemployed before they could work for it, and thus had no real money to spend.”

“BANKERS SAY THAT NATION WIDE USE OF ANYTHING THAT LOOKS LIKE FIAT MONEY WILL FRIGHTEN INVESTORS AND DEPOSITORS AT HOME AND HAVE THE EFFECT OF DEBASING A SOUND CURRENCY.”

(A hypocritical lot of cutthroats those bankers were---they opposed efforts to restore the purchasing power of silver; they sided with their British counterparts, not denouncing them for wrecking India and China’s money systems! They had their own fiat currency in mind, which would be attained in its ultimate degree by August 1971, and wanted no competing currencies, not even based on labor and service exchanges!)

“Many communities, quite outside of their labor exchanges, are issuing scrip and some economists advocate stamped scrip for general use. Such paper acquires a special stamp each week, or each time it changes hands. The stamps, bought from the issuing body, such as a city government or a chamber of commerce, make up a redemption fund with which the scrip is redeemed at the end of a year or some other given period. Those who propose such scrip argue that it is not fiat money, since it is self-liquidating.”

(Since the barter exchange scrip represented claims on goods and services, it should be regarded as a bit better than pure printing press currency.)

“Scrip long used for money---scrip issued by local banks and local groups has been used in place of money in depression times for two hundred years. It has never maintained its value over any long period, its failure being due usually to popular mistrust. Thus the “labor money” issued by more than a hundred labor exchanges in 1894 had lost its entire value by 1896.”

(A vital point---such barter scrip only works on a transitional basis. Gold and silver coins cannot become valueless and are acceptable for an unlimited spectrum of products and services.)

“In any shortage of real money, however, the idea persists that people who wish to work should be allowed to turn their labor into currency of a sort. According to one observer, the credit tokens issued today by the unemployed are, in reality, ***PERSONAL NOTES OF ONE MONEYLESS WORKER TO ANOTHER***, endorsed by a group to which both belong and in which both have faith. Whether there is sufficient new wisdom on hand in the present emergency to maintain the value of the new paper remains to be seen. Meanwhile, scrip is serving in many communities to put food on bare tables and to do some of the work of the slacker dollars still hiding away.”

Commonplace scene during early 1933 leading up to FDR’s Federal bank freeze---frightened bank customers trying to remove their funds---



The NYT, January 29, 1933, page 2, "Considers Barter Plan" subtitled. "Jersey City Chamber to Discuss Use of Scrip by Merchants" remarked---

"A meeting of the Jersey City Chamber of Commerce has been set for Wednesday to discuss proposals for the adoption of a barter system involving the use of scrip in an effort to stimulate trade in the city. A survey of barter systems now functioning in other cities has been completed by a group of merchants who believe the plan feasible for Jersey City. Officials of the Chamber of Commerce indicate that the meeting will give opportunity to merchants to be heard for and against the barter plan. The plan calls for the issuance of scrip for labor and the payment of 5 cents for each transfer of the scrip."

(Groaning, we reflect on the phenomenally poor substitutes people have attempted to use for silver and gold coinage!)



Chicago packinghouse workers demand cash and food allowances. (1932)

"Scrip permitted if soundly backed" was the headline in The New York Times on 10th January 1933, but it was too good to last. Three months later, on March 4th 1933, President Roosevelt forbade any further issues; although existing schemes were allowed time to wind themselves up. Allegedly the government had no objections to scrip being issued to create jobs but it had been advised by Professor Russell Sprague of Harvard that the US monetary system was being democratized out of its hands."

“Toledo Bootleggers Agree To Accept Scrip for Liquor” appeared in the NYT, January 29, 1933, section IV, page 7---

“Toledo---Payments in scrip will be acceptable to Toledo bootleggers. Several dealers in illicit beverages see no reason why they should refuse it if the city accepts a proposal to issue \$500,000 worth to meet municipal payrolls. An operator of a large speak-easy volunteered the information that he was willing to take the certificates when a group of patrons brought the matter up for discussion. Several other dispensers of contraband liquor say that if it’s good enough for the legitimate merchants, it’s good enough for them.”

(People have to have a medium of exchange! They cannot be faulted for grasping at pipe dreams when that’s all that’s currently available to them! The deepening depression, caused by Britain’s attack on monetary silver, made worse by its later attack on gold accompanied by its attempts to make sterling a universal currency, caused such desperation that people who had money stuffed it into mattresses, hid silver coins in tin cans, and spent only for absolute necessities. The worsening unemployment added to the desperation, and inevitably people started returning to transient scrip concepts. These concepts are sometimes designated as “local exchange trading systems.”)

The NYT, February 5, 1933, page 9 reported that a third bank had closed in the Atlantic City, New Jersey, area, affecting 3,500 depositors. Such closings were commonplace across the United States and led up to FDR’s severe measures that will be described next month. He used it as an excuse for a gold grab.

The NYT, February 6, 1933, page 9, “Scrip Money Used Widely In South” subtitled “Knoxville Tennessee Has Out Over \$1,000,000” and “Communities in Georgia, Alabama, Louisiana and Other States Deal in Paper, Lacking Cash”---

“Knoxville, Tennessee---City issued scrip money, development of man’s age-old custom of bartering goods for services, has come into extensive use in many Southern cities, having in some instances attained a greater turnover than cash. In addition, the practice of exchanging services for shelter and food has grown up in localities where formal scrip has not been issued. The city of Knoxville has been issuing \$134,000 worth of scrip monthly to meet payrolls, and additional amounts to pay for city supplies.”

“Of the slightly more than \$1,000,000 issued since June 14, 1932, half has been turned in as payment for taxes. The paper bears 6 percent interest and will become redeemable February 15 and March 15.”

(Redeemable in what? Cash, or more scrip? There is no mention of precious metal coins.)

“Virtually all Knoxville business firms accept the scrip at par value and pass it on to employees. Merchants cooperated in receiving the scrip in payment for goods and banks credited depositors with cash to the paper’s par value. In Alabama the scrip is used extensively in several cities and towns. The Selma city council authorized \$5,000 worth of the paper and Roanoke has \$500 in city scrip in circulation. Dothan, Alabama, uses city scrip of \$1 denomination to pay for relief of the city’s unemployed. Dothan uses the 3 cent stamp system, whereby a stamp is

attached to the note before each transaction. When thirty-six transactions have occurred and the note bears thirty-six stamps, the scrip is redeemable at face value.”

(Scrip is often designated as “private” or “alternative currency.” Less frequently encountered are spurious terms such as “pay warrants” and the outrageous designation “prosperity coupons.”)

“Bessemer, Talladega and several other Alabama cities are considering issue of some form of scrip. Practically all plans are based on redemption after thirty-six 3-cent stamps have been attached to the \$1 certificates. Sparta, Georgia, also has issued scrip on the stamp plan. In Richmond, Virginia, the Citizens Exchange gives scrip to the unemployed in exchange for work. The workers in turn barter the scrip for food, clothing and other necessities. The Richmond plan requires forty hours of free work as an “initiation fee” to discourage and eliminate loafers. More than 100 persons now are partaking of the paper, while the Citizens Exchange has about 600 additional applications on hand.”

“Certificates issued in Louisiana---some Louisiana parishes have issued scrip to care for school teachers salaries, and the Louisiana Highway Commission has issued \$7,500,000 in certificates of indebtedness since the fall of 1931 to pay contractors. Louisiana State University issued \$1,000,000 worth of indebtedness certificates a year ago to complete payments on the new medical school, field house and women’s dormitory. The full amount was repaid by a recent bond sale.”

“Cumberland County in North Carolina uses scrip on a small scale, and the city of Charleston, South Carolina, used the paper several months last year, redeeming it on December 1. So far as is known, no scrip is being used in Mississippi, but ***SCHOOL TEACHERS IN SEVERAL COUNTIES RECEIVE NO PAY, AND ARE SHELTERED AND FED AT THE HOMES OF PATRONS.***”

(If the U.S.A. is dragged down into a depression, which seems probable, expect Federal orders dictating to citizens with unoccupied bedrooms that they must take in the homeless---including the violent--- from the streets. Other possibilities for dealing with the homeless and jobless exist, and are of a more grim nature--- fenced internment camps and forced military conscription.)

“To Try Scrip Plan In Up-State Town” appeared in the NYT, February 13, 1933, page 22---

“Syracuse, New York---the calm surface of life in the nearby village of Liverpool rippled with pleasurable surprise when the villagers found today that their modest community had become overnight a focal point of interest as the first in New York State to start a practical experiment with the scrip plan.”

“No one was more surprised than Neil S. Rhodes, gasoline station proprietor, who originated the cooperative scheme through which twenty merchants and professional men of the village--- from grocers to undertakers---propose to offer \$1.05 worth of merchandise for \$1 in scrip.”

(Really, we all know how sticker prices can be rigged to show discounts!)

“Liverpool’s scrip plan is actually no more than a simple wrinkle to induce hometown folk to buy at home. But it is important as a test of how readily the average person will take to the idea of exchanging the silver and greenbacks of the United States currency for green, orange and yellow scrip paper.”

(Silver coin was in use but much, perhaps, most of it, was being hoarded as emergency only money. People knew it would be accepted if all paper failed.)

“Scrip---\$2,750 worth of it---will be placed in circulation in Liverpool next Saturday. The scrip plan is explained briefly by its originator, Mr. Rhodes, as follows---“We’ll issue the scrip in 25 cent, 50 cent and \$1 denominations. Each certificate will be signed by the president and secretary of the Business Men’s Association and inscribed with the names of the twenty business men who have agreed to deal in scrip. The bookkeeper at our local bank will have charge of the scrip, and we merchants will buy it from him in whatever quantities we desire, exchanging national currency for the face value of the certificates. Our money will go into a common account.”

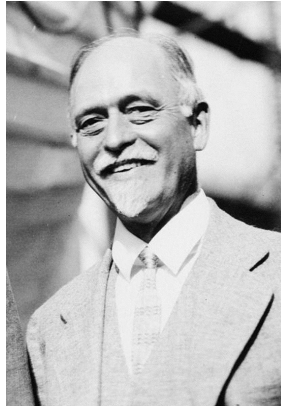
“We will put the scrip in circulation by offering it as change to our customers. When a customer accepts a 25 cent certificate in change it immediately takes on a purchasing power of 26 cents. The 50 cent certificate automatically has a purchasing power of 52 cents and the \$1 certificate, \$1.05. Use of scrip will be optional with customers. It is just a question whether they want to increase their buying power 5 percent. They can cash in their scrip with any of the participating merchants at any time. The merchants, in turn, can redeem the scrip at the bank.”

“Outlines Scrip Plan,” NYT, February 15, 1933, page 35 reported---

“Professor Irving Fisher, economist of Yale University, told members of the Jersey City Chamber of Commerce yesterday that the use of scrip “may serve as a trigger to start the wheels of distribution and industry again.” Several committees of the chamber, before which Professor Fisher outlined the uses of scrip, will make a study of a proposed barter system for Jersey City.”

“Replying to a question by a member, who asked if the scrip plans used in small communities could be applied to a city as large as Jersey City, Professor Fisher said the size of the city did not matter if the plan were supervised properly and carried out with the cooperation of city officials and merchants. He declared that in communities where stamped scrip had been placed in use as a means of stimulating trade the banks had shown increased business. Professor Fisher recommended the issuance of scrip at the rate of at least 50 cents per capita, but not more than \$2 for each resident.”

Irving Fisher, irresponsible slap-happy funny money advocate---



"Scrip In Atlantic City" appeared in the NYT, February 17, 1933, page 36---

"Atlantic City---This city circulated its first scrip today to pay, in part, the back salaries of 1,500 municipal workers. The task of distributing about \$350,000 in local currency was begun under the direction of Miss Bessie M. Townsend, city controller. The workers were paid 85 percent of their back salaries up to January 1 in scrip and the remainder in cash."

"The scrip, which resembles paper money in color and is of the same size as the large bills withdrawn several years ago, is issued in denominations of \$1, \$5, \$10, \$20 and \$100. It bears 4 percent interest, payable to the last holder when redeemed by the city. The notes are good for the payment of taxes and all other municipal obligations."

The Times, London, February 20, 1933, page 15, featured a letter writer with the disturbing name "Tavistock"---

"Could not some system of barter be introduced between the unemployed of each town? Why barter---clumsy, primitive, and antiquated---in the twentieth century? Simply because, if a mad world permits money to exceed its proper function of servant to production and consumption, and allows it to assume the role of a master, limiting both, the only alternative to dethroning the tyrant is to escape from money altogether!"

"Seek To End Slump By National Scrip," NYT, February 23, 1933, page 12, subtitled, "Evanston Sponsors of Eirma Money Will Urge Congress to Adopt the Plan" and "Professor Fisher Backs Them" and "Certificates for Needy Would Be Redeemed by Affixing Fifty Federal Revenue Stamps"---

"Chicago---a movement for government managed national self-liquidating certificates to end the depression has been started by the Evanston Independent Retail Merchants Association, originator of Eirma stamp money, with the support of Professor Irving Fisher of Yale University. Encouraged by the increasing popularity and helpfulness of Eirma scrip, which was adopted six months ago to relieve business and governmental financial distress in Evanston, the sponsors hope to put a revamped version of the plan into country-wide operation through an act of Congress. Professor Fisher is expected to urge its adoption at Washington."

(You have to figure that any economics professor at Yale University would be 100% against all precious metals as money and 100% for unbacked Federal Reserve notes, and opposed to any competing fiat systems. It could be he wanted to get people to focus on any system other than that mandated by the Constitution.)

"Following the receipt of a copyright of the idea from Washington, Peter J. Jans and Fred J. Kihm, originators of Eirma money, sent a letter today to President elect Roosevelt, urging him to direct the attention of the country to the merits of the idea."

(Surprisingly, the Word program knew the term "Eirma.")

"Under the proposed plan, the Federal Treasury would issue "**PROSPERITY CERTIFICATES**" of credit in denominations of \$1, to be distributed in allotments of about \$150 each to every person unemployed or in need."

"Distribution would be made through the Post Office department, thereby reaching every part of the United States. It is provided that the "prosperity certificates" are to be made legal tender, except for obligations due Federal, State and local governments. Each time a "prosperity certificate" was used in ordinary trade, the plan provides, the holder would be required to affix a 2.5 cent United States revenue stamp and cancel the stamp by affixing his signature across the face of the stamp in the presence of the payee."

"When a holder received a certificate bearing forty-nine stamps, he would affix the fiftieth, cancel it and present the "prosperity certificate" to any post office for redemption at \$1 in United States currency. The life of the certificate would thus be limited to fifty exchanges. The 25 cents in excess of the face value at the time of redemption would be retained by the post office to defray all expenses in the handling and printing of the scrip."

"Sponsors of the plan assert that it would create a new source of revenue for the Post Office Department, raise wages and increase the standard of living, save 80 percent of businesses now insolvent, restore solvency to local, county and state governments, help the farmer and put money in the hands of the public without interfering with the monetary value of United States currency or destroying the gold standard."

"The Eirma plan has been in operation in Evanston since August and has won the approbation of the mayor, the city council and the city treasurer. Two hundred and twelve business firms, doctors, dentists, lawyers and others now are using the Eirma dollars in the regular exchange of trade, and the number of users and the volume of the scrip are daily growing."

(You must have noticed their odd sentence structure---"daily growing" instead of "growing daily." Manners of speech and phraseology do vary over time.)

"The money received from the sale of Eirma savings stamps is invested in city tax anticipation warrants, for which there is virtually no market otherwise."

"Iowa City Buys Farmers Corn With Scrip Merchants Back," NYT, February 27, 1933, page 2---

"Clear Lake, Iowa---Turning grain dealer, this city has purchased 8,660 bushels of corn at 25 cents a bushel, making payment in "corn scrip." Eighteen circular cribs twenty feet high filled with corn block two city streets. The corn will be sold at auction Friday. Farmers from seven North Iowa counties and a number from Southern Minnesota have marketed corn under the new plan. The corn money, sponsored by the Commercial Club, is issued in 25-cent denomination and is backed by an equal amount in cash paid in by merchants. Through a bank the money will be resold to citizens and kept in circulation until March 25 when it will be redeemed. The spender signs the money on the back to make it negotiable."



(All corn isn't yellow or nearly white. Multicolored scrip could be based on multicolored corn, huh?)

"Plan Scrip In Freeport," NYT, February 27, 1933, page 3 subtitled "Relief Officials Prepare for Issue to Total \$50,000"---

"Freeport, Long Island---scrip with a face value totaling \$50,000 will be issued here shortly by the local emergency relief organization, according to an announcement made here today following a meeting of a committee of that group with one representing the Freeport Chamber of Commerce."

"Village trustee Robert Patterson, chairman of the subcommittee of the relief organization, said that the State Banking Department had ruled that there were no legal impediments to the issue of the scrip by the relief body so long as the village government was not involved in the issue. The scrip probably will be issued within the next two weeks."

"Knoxville's Scrip Proves Trade Spur," NYT, February 27, 1933, page 3, subtitled, "Merchants in Tennessee City Say Issue Circulates More Rapidly Than Money" and "Used To Meet Payrolls" and "Total of \$1,200,000 Paid Out Since June 14---Taxpayers Get Benefit of 6 Percent Interest"---

"Knoxville, Tennessee---The city of Knoxville is issuing scrip at the rate of more than \$134,000 a month and merchants say it circulates faster than money. Since June 14, 1932, when the city found itself unable to meet both payrolls and interest on a bonded indebtedness of about \$24,000,000, a total of \$1,200,000 in city warrants has been issued to employees and for local purchases."

"The warrants, printed in \$1, \$5 and \$10 denominations, have no maturing date and draw 6 percent interest. Sixty days after issuance they may be applied on city taxes. The results of the plan are---the city, which found difficulty in marketing its revenue bonds, is meeting its current expenses by issuing the 6 percent warrants and getting them back on taxes. Cash paid on taxes is made available for interest on bonds."

"By paying taxes with warrants, taxpayers are credited with the 6 percent interest, and on taxes paid a year in advance receive a 5 percent discount, making a saving of 11 percent. The warrants, which are circulated at par to pay rent, the grocer, coal dealer and department stores, serve to keep trade flowing during a financial emergency which has followed the closing of two large national banks within two years."

(As the depression worsened, depositors naturally wanted all their funds in circulating money, and not in a bank. Banks, due to their inherently fraudulent nature---temptation---and the fractional reserve system, were unable to meet all demands for depositors' withdrawals. They folded. The crisis progressively worsened until FDR declared a national bank freeze, euphemistically termed a "holiday," along with his tyrannical measures against gold, in March 1933.)

"During the last two months the warrants have been coming back to the city in taxes faster than the new ones are issued," says Herbert Cox, assistant finance director. As evidence of their popularity, sponsors of the plan say a local motor company sold the city six automobiles, taking several cars as trade-ins and \$3,000 in city warrants."

"Nearly all local dealers and merchants accept the warrants at face value. Gas and telephone companies refused to take them except from city employees to whom they are issued. The power and light company accepts warrants for half the amount due on bills up to \$15, and to street car riders gives sixteen tokens and four cents in change for a dollar warrant."

"Most stores return change in cash, although some groceries issue customers due bills for change. The city is considering issuance of 25 and 50 cent warrants to facilitate change making. Merchants say the warrants circulate faster than currency because they cannot be deposited in a checking account."

"No discounting has been reported. The city redeemed its first issue without great cash outlay, since most of them had been paid on taxes. Two other issues have been called for redemption in March."

"To Use Checks As Scrip," NYT, February 28, 2008, page 8---

"Pittsburgh---Homestead business and professional men have decided to try a scrip experiment, beginning Wednesday, adopting a plan backed financially by the Citizens Commercial Bureau of Homestead and secured with cash in the Monongahela Trust Company. The plan centers around the payment of obligations by check. Checks of \$1 and \$5 denominations will be issued with the understanding that the persons accepting them pass them along within twenty-four hours. When the checks have twenty-seven endorsers they will be redeemed at the bank for cash. The system is declared to be equivalent to the issuance of a thirty-day negotiable note,

the twenty-seven endorsers representing the average business days of each month. The plan will be tried for thirty days.”

(Imagine being told you have to spend a silver coin within a day of receiving it. That wouldn't do for savings purposes.)

The NYT, March 2, 1933, page 18, “Scrip Aids Relief Drive” commented---

“Freeport, Long Island---The Freeport Committee for Unemployment, at a meeting here tonight, voted to adopt the recommendations of a special committee appointed to consider the use of scrip, and will issue \$50,000 worth of the paper immediately. The scrip, for which the town of Freeport is in no way responsible, will be issued by the committee in denominations of \$1, 50 cents and 25 cents. Virtually all stores in Freeport have agreed to accept it.”

“One day in each week will be fixed as “stamp day,” and every person in the village having scrip in his possession on that day will be required to affix a two cent stamp to each \$1 note, a one cent stamp to each fifty cent note and a one half cent stamp to each twenty five cent note. Scrip paid to merchants in business transactions will be redeemable at the committee's offices at the rate of 97 cents on \$1. With the money thus obtained and the additional revenue from stamps the committee expects to obtain \$2,500 a week for unemployment relief. The scrip will not be good outside the village.”

(Not be good outside the village...wouldn't ever apply to precious metal coins!)

“Will Issue More Scrip” appeared in the NYT, March 3, 1933, page 36---

“Atlantic City, New Jersey---Payment of \$10,000 first installment of scrip on bills for supplies and other municipal indebtedness exclusive of salaries is to be made by Atlantic City. The move was authorized today by the city commission at the request of creditors, but acceptance by all is not mandatory. The action makes possible immediate settlement of such obligations, where as actual cash would not be available for months. About \$500,000 is owed. The issue of scrip will be identical with that made last month to pay about 1,500 employees. The scrip has had a wide circulation and much of it has reached the office of tax collector Lewis Mathis for delinquent bills.”

(This takes us to FDR's becoming President on March 4, 1933. Soon after his inaugural address he issued the executive order declaring a so-called national bank “holiday.” This was of course a “Federal bank freeze.” Millions of persons had been assailing banks all over withdrawing deposits. Bank failures were commonplace due, of course, to the fractional reserve system! There was a truly huge mass of news items about to start concerning the other type of scrip we're discussing---clearinghouse certificates as a strategy to allow business to continue during the week of Monday, March 6, 1933, until Tuesday, March 14, 1933, when over 70% of the banks reopened. This scenario of course was coupled with FDR's sinister gold embargo and gold seizure. Safe deposit boxes in banks were no secure place for depositors to have stored gold! We'll consider only some highlights of this bank scrip, as it was so temporary. In fact, Chicago bankers suspended their scrip contingency plans--- NYT, March 9, 1933, page 5. We're more interested in privately issued scrip as a desperation measure in response to scarcity of circulating medium.)

The NYT, March 4, 1933, page 27, mentioned that Brooklyn Trust Company was involved in a scrip certificate plan that---

"...functions in such a manner that the equivalent of \$1 must be spent at least thirty-six times in the community before it can be redeemed for the currency posted to guarantee its redemption."

The NYT, March 5, 1933, page 2, featured one of many mentions of New York Governor Herbert Lehman during the banking crisis. He was of course from the same Lehman family as in Lehman Brothers, occasionally a prominent silver price antagonist (see "Nine Billion Ounces," Archives.)

"Clergymen approve bank holiday here," NYT, March 6, 1933, page 2, subtitled, "Lavelle Warns Against Alarm---Dr. Reisner Would Take Citizenship From Hoarders"---

"The bank holiday and the hoarding alleged to have been to a large degree responsible for it were discussed yesterday morning in several sermons delivered in the city's churches.

CLERGYMEN ACCEPTED THE HOLIDAY AS A PROPER MOVE. Michael J. Lavelle, rector of St. Patrick's Cathedral, speaking at high mass yesterday morning, urged the need of confidence during the bank closing and warned against alarm."

"It is just a measure of security and safety," he told the congregation, "and we have every reason to believe that it will last only a few days. It is nothing to be alarmed about. The closing was hailed as the **"BEST THING THAT COULD HAPPEN TO US"** by the reverend Dr. A. Edwin Keigwin in his sermon in the West End Presbyterian Church."

(Keigwin was a member of the Greater New York Federation of Churches, which was radicalized by Wall Street money---Who's Who, 1933, page 1289.)

"It is the best thing that could happen to us," he said, "because the United States is now a madhouse, and very few people have the courage and the poise to keep from pulling everything down about our heads. **I AM MORE AFRAID OF A PANICKY PEOPLE THAN OF THE CROOKEDEST BANKER WHO EVER WALKED.**"

(The view of the financiers and their kept clergy is that ordinary citizens have no moral right to shield themselves from monetary assault. People had no right to withdraw all the deposits they held legal title to from the fractional reserve banking system! Sure---Keigwin was in with those "crookedest bankers!")

"HOARDERS, IN THE OPINION OF THE REVEREND DR. CHRISTIAN F. REISNER, pastor of the Broadway Temple Methodist Episcopal Church, 174th Street and Broadway, **ARE TRAITORS AND SHOULD BE DEPRIVED OF CITIZENSHIP."**

(Who's Who for 1933, page 1920, stated that Reisner raised \$5,500,000 to build his Broadway Temple. Which Pilgrims Society bankers supported his fund-raising? I keep telling you it's these people who have been putting the screws to us all along! Reisner was a member of the New York Police Crime Commission, which was certainly unconcerned as to theft executed by the big bankers. Reisner authored "Roosevelt's Religion" in 1921, which was about the other corrupt

President, Theodore, another Pilgrims Society member. According to these banker-sponsored clergymen, theft is theft only when average folks try to gain control over their own funds!)

“Because a few are found to have lost their heads in the fever of wild prosperity is no excuse for endangering the whole economic structure. ***SUCH WORSHIPPERS OF GOLD WILL BRING A COLLAPSE QUICKER THAN ALL THE REDS IN THE COUNTRY. THE MASSES WILL NOT STAND FOR THIS DANGEROUS WITHDRAWAL OF FUNDS.***”

(The New Yorker, December 16, 1939, page 32, mentioned that Pilgrims Society member John D. Rockefeller Senior, gave Reisner \$250,000 in 1929. This was and remains a typical subversion.)

The NYT, March 6, 1933, page 2 (same date and page as above) featured, “One Church Omits Collection, Others Take Checks, I.O.U.’s”---

“A moratorium on church offerings was declared yesterday during the bank holiday by the Reverend C. Everett Wagner, minister of the Union Methodist Episcopal Church, 229 West Forty-eighth Street. ***“UNTIL THIS FINANCIAL CRISIS IS OVER, WE URGE THAT YOU CONSERVE EVERY CENT THAT YOU HAVE FOR FOOD,”*** the Reverend Mr. Wagner told his congregation.”

(This particular clergyman sounded like a better person. Maybe that’s why he wasn’t wanted in the Who’s Who!)

“The Reverend Dr. Christian F. Reisner, pastor of the Broadway Temple Methodist Episcopal Church, distributed cards and informed members of his congregation they could drop I.O.U.’s in the plate if they lacked currency.”

(A bighearted jerk he was, huh? Another view of angry bank depositors waiting to withdraw funds in early 1933)---



During FDR’s bank freeze, naturally the securities and commodities markets were suspended from trading. The NYT, March 7, 1933, page 1, gave additional insight into the bank freeze---

"All the banks in the city were closed in obedience to the President's order, except the Postal Savings Banks, which were not included in the order. The banks were permitted to give access to safe deposit boxes and to change bank notes of large denominations."

You didn't know there was such a thing as Postal Savings Banks? Neither did I before I read that item. My parents were employed by that organization and never mentioned it to me. When such savings banks were phased out is outside the scope of our interest here. However, it did display a discriminatory stance on the part of the Roosevelt administration that a segment of the population was treated less harshly simply because of a specific banking choice they made. More of interest from that item---

"Without regular currency to meet payrolls and settle bills, the city eagerly awaited the issuance of scrip promised in the form of clearing house certificates, which will serve as a substitute medium of exchange. It is expected that the scrip will be accepted at par by all landlords, merchants, public utility companies, transportation companies and others with whom the public does business; by government bodies in payment of taxes and by banks and others in payment of interest on mortgages and other debt instruments."

(Scrip or precious metal coins---which conveys the most confidence?)

"More than \$200,000,000 worth of scrip is understood to have been printed or ordered for use in New York City. The certificates are printed on paper about the same size as the small bank notes that have been used for the last few years. It is understood certificates have been printed so far in denominations of \$5, \$10, \$20 and \$50, and that \$1 notes are being printed. Different colors will be used for different denominations and the certificates will look something like the currency with which New Yorkers have been familiar. Each certificate will bear a date and number, with the signature of Mortimer N. Buckner, president of the New York Clearing House Association, and of the president of a specific clearing house bank of this district."

(Mortimer Norton Buckner---Yale 1895, was chairman of New York Trust Company since 1921. Lundberg in "America's 60 Families," 1937, revealed that J.P. Morgan & Company was the dominant influence in New York Trust (page 37) along with Vanderbilt (page 223) and Harkness (Standard Oil, page 257) interests. All Pilgrims Society names, and Buckner was highly likely a member. Buckner's listing on page 459 of the 1940 Who's Who showed him a member of the Jekyll Island Club; Links; Recess; N.Y. Yacht and others; director of American Canadian Properties; N.Y. Life; Philadelphia Water & Power; Consolidated Gas & Power of Baltimore; Home Insurance; Fishers Island Corporation; Flood Credits Corporation; National Distillers Products; Safe Harbor Water Power Corporation; Clinchfield Northern Railway of Kentucky; International Power Securities and many others. He was a V.P. of Dodge Memorial Fund, of the Dodge family behind copper giant Phelps Dodge, then represented in The Pilgrims Society by Cleveland E. Dodge at 40 Wall Street.)

"The American Bank Note Company's factory in the Bronx has been busy turning out scrip since Saturday, not only for New York City but also for other cities in the state and throughout the nation. Employees at the factory are working in two twelve hour shifts."

"Newspapers Issue Scrip," NYT, March 7, 1933, page 3---

“Louisville, Kentucky---Louisville’s first scrip, issued by the Courier-Journal and Times, will appear tomorrow. Employees will receive their salaries in part scrip and part cash. The scrip can be used at stores that advertise in the newspapers. The merchants will use their scrip to pay advertising bills, but for no other purpose.”

(Robert W. Bingham, Pilgrims Society member, owned that newspaper. His second marriage was into the Flagler family of Pilgrims Society members and Standard Oil and railroad heirs. His second wife died within a year, he got her millions, and rumors abounded she was murdered. Bingham was FDR’s ambassador to Britain, 1933-1937. He made statements to the effect that it was good for the English people that Britain abandoned gold in fall 1931. His son Barry, Commander of the British Empire, was probably a Bilderberg invitee. “Ambassador Attributes Re-employment of 600,000 There to Quitting Gold Standard, NYT, December 24, 1933, page 5.)

“Scrip At Princeton,” NYT, March 7, 1933, page 5---

“Princeton, New Jersey---The Daily Princetonian, undergraduate newspaper at Princeton University, will issue \$500 in scrip tomorrow to students to relieve the financial embarrassment caused by the national bank holiday. The issue was announced here this afternoon by William K. Seiden, business manager of the paper. Each note will bear his signature and guarantee and will be printed on the press of the student daily.”

“Merchants here, Mr. Seiden said, had agreed to accept the notes, each of which will be for 25 cents, to be given in return for personal checks. Merchants who have received payment in scrip will receive the cash equivalent from The Princetonian when the banks reopen. Commenting on the issue, Luther P. Eisenhart, dean of the faculty, congratulated The Princetonian “on the step it has taken to relieve the present financial situation for the benefit of undergraduates and merchants alike.”

(A worthwhile case of scrip intended only for transitional purposes---till the bank freeze was lifted. Bear in mind that the other scrip we’ve discussed came in response to a national shortfall in circulating medium.)

Some 150,000 visitors were reported stranded in Miami during the Federal bank freeze (NYT, March 7, 1933, page 5.)

The NYT, March 7, 1933, page 8, reported that public interest in food acquisition was up as much as 30% during the federal bank freeze. Does that suggest anything to the reader as to dehydrated food? Nothing need be wasted if no crisis arrives. It could be used after six months, then restocked for the next six-month period.

“Silver Dollars Reappear,” NYT, March 7, 1933, page 9, “Holiday in Pittsburgh Puts Many Pocket Pieces into Circulation”---

“Pittsburgh---Silver dollars, very rare in the industrial East, made their appearance today. **WITH THE BANK HOLIDAY IN EFFECT, PEOPLE HAD ACCESS ONLY TO WHAT MONEY THEY CARRIED IN THEIR POCKETS** and as their supply ran low they spent silver dollars and other odd coins that they had carried as pocket pieces.”

(The Pittman Act of 1918 resulted in the melting of about 260 million silver dollars yielding about 200MOZ silver that was shipped to British India so they could prevent a revolution at the close of World War I as the natives demanded payment in silver. That did add to the scarcity of the coins and the only reason people would spend them during the Depression was if they became the only money they had immediate access to. They knew that otherwise, silver was for saving and paper notes for disposable income.)

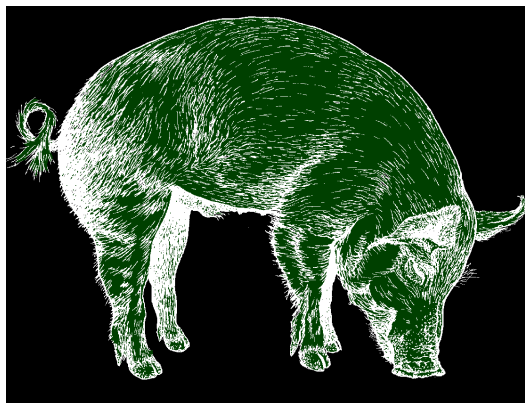
The NYT, March 8, 1933, page 6, showed New York Governor Lehman (of the Lehman family associated with Lehman Brothers) signing an emergency bill creating a "State Scrip Corporation." Among the directors were former Governor Nathan Miller, who was a director of U.S. Steel and Mutual Life of New York; and Lincoln Cromwell, a highly likely Pilgrims Society member associated with the Iselin family of Pilgrims Society members, and a director of the Bank of New York. His son Jarvis Cromwell appeared in the leaked Pilgrims list for 1969.

"Silk Stockings Pay Fare in Salt Lake City; Oklahoma Hotel Accepts Pig as Currency," NYT, March 8, 1933, page 6---

"Salt Lake City---Associated Press---Two pairs of silk hose, two tubes of tooth paste, a man's hat and a pair of trousers were among the fare accepted by a local transportation company from passengers who lacked cash. The trousers, the manager hastens to assure those viewing the exhibit, were the extra pair."



"Oklahoma City---Pigs, chickens, eggs and vegetables will be accepted as payment during the bank holiday, a hotel here announced today. **"WE'LL TAKE ANYTHING WE CAN USE IN THE COFFEE SHOP,"** said the manager. **"IT MEANS GOING BACK TO THE WAYS OF THE ANCIENTS, BUT WE MUST TAKE CARE OF FOLKS."** **A PIG WAS ACCEPTED IN THE FIRST BARTER."**



(So the paper money issuers are really "oinkers" after all!)

“Lewiston, Montana---Barter shouldered its way ahead of scrip and bank checks today. The Lewiston Democrat announced that, until April 1, the following subscription rates will be in effect---One year, ten bushels of wheat; two years, 18 bushels, three years, 26 bushels.”



“North St. Paul, Minnesota---Foodstuffs of a value of 50 cents were accepted tonight as admission prices for a high school basketball tournament.”

(However pitiful it is to note the desperation people were driven to in seeking some meaningful forms of payment in the currency and banking crisis brought on by Great Britain, let another major point not escape detection! While holding a supply of precious metal coins and bullion is the best monetary insurance, in a disruption of the food distribution system it's advantageous to have set aside a stockpile of freeze dried food, barrels for gathering rainwater, and have a water purification system. Then there's the matter of “other protective metals” for those who catch the meaning.)

The NYT, March 9, 1933, page 2 featured an item, “Plight of Non-Clearing House Members if Scrip is Used”---

“There are thousands of town and rural banks which are not members of the metropolitan clearing houses, and which may not be able to purchase the clearing house certificates either because of such non-membership or because the clearing houses specify a more liquid grade of collateral securities than these town and rural banks possess. In either case the danger is that these smaller banks, even though solvent, will be compelled to close, **WITH APPALLING LOSS TO THE DEPOSITORS AND TO THE STATES**. The regulations and reports which have come from Washington have made me more apprehensive for the smaller banks. There are nearly 200 of them in Maryland.”

(The Great Depression saw the “octopus” banks extend greater control over the nation through the demise of boatloads of smaller institutions.)

“Rockefeller Has Confidence In Our Bankers,” NYT, March 9, 1933, p. 4---

“John D. Rockefeller Sr. sounded a note of optimism on present conditions, with a declaration that he had every confidence in American banking institutions and in the people of the United States. The philanthropist sent a message of cheer through The Associated Press to millions of depositors affected by the banking holiday.”

(The old looter had extensive interests in many banks, especially the Chase National, and some significant concealed---meaning indirect---ownership in the Federal Reserve. He was hardly suffering, but the same could not be said of the little folks. I am looking at a book dated 1929 entitled "John D---A Portrait In Oils," in which chapter V is entitled, "A Business Genius Makes The World Pay Tribute." The cover of the hardback book is impressed with the image of the reverse of a Mercury dime, as in later years he tossed Mercs to newsboys and others)---



The NYT, March 9, 1933, page 6 reported that Wisconsin was moving "to set up a statewide scrip basis." Michigan banks limited depositors to five percent withdrawals. The International Harvester Company paid its employees checks of \$5 "and fractions thereof." A Philadelphia judge allowed renters to be evicted who were over four months behind. The city of Seneca Falls, New York, issued \$25,000 in municipal scrip. The Asbury Park, New Jersey, Press reported its own business scrip issue. Most interesting was the item, "Utah Would Pay In Gold" subtitled, "Legislature Passes Bill Providing for Use of Metal to Meet Payrolls"---

"Salt Lake City---With State banks closed under national and state holiday proclamations, Governor Blood had before him today for signature **A BILL PROVIDING FOR PAYMENT OF PUBLIC PAYROLLS IN GOLD AND CALLING UPON PRIVATE EMPLOYERS TO FOLLOW SUIT.** Senator Paul H. Hunt, who introduced it, explained that the measure was aimed to give a practical demonstration that the available gold supply was insufficient as a national monetary base."

(This wasn't an anti-gold gesture. It was a gesture signifying that another of Utah's mining products, silver, was necessary to complete the monetary foundation of America! Utah was the largest silver producing state at that time---NYT, April 30, 1933, page 7. Henry H. Blood was Utah Governor, 1933-1941. He was once manager of Kaysville Milling Company---ore processing)---



The NYT, March 10, 1933, page 8, "Scrip Is Widely Used" subtitled "Several Companies Make Their Own Issues to Meet Payrolls When Cash Is Lacking" was a specific reference to Cleveland---

"A note of optimism for the future, mingled with a desire to ease the difficulties of workers, has marked the reaction to the bank holiday among Ohio businesses and industries. Where cash for payrolls was lacking, a private issue of scrip---a sort of I.O.U.---has been the resort. At Youngstown the General Fireproofing Company and the Truscon Steel Company issued their own scrip and obtained the promise of most businessmen that they would accept it."

"The former company met 60 percent of each employee's wage claim with non-interest bearing notes, redeemable in six months. Truscon backed an issue of scrip, redeemable March 26, **WITH ITS FROZEN BANK DEPOSITS.**"

(In a severe currency and banking crisis, which form of payment would command the most profound confidence? Cash, privately issued scrip, or silver coins?)

The same page reported the California Legislature provided for a sixty-day moratorium on foreclosures of mortgages and trust deeds on homes and farms. Many thousands had already dispossessed, and many thousands more were to find the two-month relief insufficient to avoid catastrophe.

The NYT, March 12, 1933, page 5, "Vassar Girls Use Own Scrip In Pea Green, Blue and Yellow"---

"Poughkeepsie, New York---Because they had some trouble raising money on checks from home, Vassar College girls issued a scrip of their own. Only \$95 of the money substitute was put in circulation, but that was enough to supply the immediate wants of the collegians. **THE SCRIP CONSISTS OF PEA GREEN, BLUE AND YELLOW CARDS.** It was issued by the Vassar Retreat, a student centre operated by seniors."

(Many national currencies past and present have issued flamboyantly colored notes. Isn't the new purple \$5 on the Lincoln Fed notes a hoot? However multicolored paper currency can be, this does not prevent it from failure.)

The paper reported (same date and page) that the national banking crisis furnished a reason to issue new FRN's stating, "Federal Reserve Bank Note."

A philosophically interesting item appeared in the NYT, March 12, 1933, section II, page 1, "British Empire as Security OK'd for New Orleans Loan"---

"New Orleans---The British Empire was put up as security for a loan of \$3,000 in American money to pay off the 500 sailors of the British cruiser Norfolk in this port on a courtesy call. The ships payroll date fell due with all banks closed and the sailors faced shore leave without spending money. F. Gordon Rule, British Consul General, laid the facts before A.B. Paterson, president of the New Orleans Association of Commerce."

"Pardon me," said Mr. Paterson, "but a simple business question. What security?" "The British Empire, sir," replied the Consul General. "Well, the British Empire is OK with me," said Mr. Paterson. Within an hour the British sailor men were paid off. Until then the sailors had been trying to cash pound notes with little success."

(You can believe the British consul and the Norfolk's commander had in the back of their minds the humiliation dealt their nations troops at that site over 118 years before! As for any nation being security for money, forget it. Real money never needs the backing of any government and such backing is worthless because all governments appear to be broke.)

The NYT, March 12, 1933, section II, page 5, reported that the New York Central Railroad was accepting scrip in payment at Rochester and additionally stated---

"Scrip is in circulation at Philadelphia and the Pennsylvania Railroad has authorized freight and passenger agents, train conductors and dining car stewards to accept it. The order says that employees should accept the paper for the nearest denomination to the amount owed and to use scrip in change wherever possible."

Other accounts of the clearinghouse scrip during the Federal bank freeze ordered by FDR, March 6 through March 13, 1933, will be presented in an item on FDR and his gold grab, probably next month. Many states enacted emergency restrictions just days before that, often limiting depositors' withdrawals to a mere 5% of what they owned. Before that, the banks and trust companies were besieged by legions of depositors seeking removal of their funds---line goes around the corner and extends for several blocks---



The NYT, section VIII, page 3, March 12, 1933 featured an article by Alexander Dana Noyes, a member of the Century Association of New York, the Economic Club of New York---today known

as virulently against precious metals as money; and the anti-silver American Economic Association---

"In the panics of 1907 and 1893 the banks of New York and of the Eastern States never issued any emergency currency which circulated outside the banks themselves. This was not true, however, of the country at large. Even in 1893 such emergency currency, although wholly illegal under the bank statutes, was put out and circulated as hand-to-hand currency, chiefly in the Southern Atlantic states. In 1907 the recourse was adopted much more generally. A careful collation of the data on the use of such substitute currency in 1907, published by A. Piatt Andrews in The Quarterly Journal of Economics for August 1908, shows that what were called clearing house certificates, in both small and large denominations, were put into general circulation in various cities of Georgia, South Carolina, Iowa, Pennsylvania, Missouri, Tennessee, California, Alabama, Oregon and Utah. The currency thus issued reached in some cities considerable sums. The San Francisco Clearing House, for instance, put out \$7,390,000."

(Andrews was secretary to the Senate Monetary Commission and one of the handful of conspirators, mostly Pilgrims Society members---five out of seven men present have been confirmed as members, present at the 1908 Jekyll Island, Georgia, meeting where plans for the new central bank of 1913 were formulated. Andrew was also assistant Secretary of the Treasury and director of the United States Mint.)

"Andrew's estimate of the amount of such clearing house currency put into general circulation during 1907 was \$23,831,813. Even this did not cover all the expedients of emergency currency. In some parts of the country, notably at Pittsburgh, manufacturing concerns with large payrolls issued a currency of their own in small denominations. It was put out and used for payrolls with the approval and endorsement of the clearing house committees and was marked "payable through the clearing house."

"A total of \$84,000,000 which, added to the \$238,000,000 clearing-house loan certificates issued purely for use within the clearing houses, aggregated \$322,000,000, though the total thus figured out was admitted to be probably an understatement. Mr. Andrew's article adds that "for two months or more these devices for emergency circulation furnished the principal means of payment in the greater part of the country, passing almost as freely as greenbacks or banknotes from points as widely separated as Cleveland, Cincinnati, St. Louis, Chicago, Milwaukee, Duluth, Philadelphia and Spokane."

"Another fact which is important to recall, regarding the banks suspension of cash payments during 1907 and 1893, is that it did not interfere with withdrawal of cash in moderate amounts by bank depositors for their ordinary needs. **BANK OFFICIALS INQUIRED OF THE APPLICANTS FOR SUCH PAYMENTS AGAINST HIS CHECK, WHAT WAS THE PURPOSE OF THE WITHDRAWAL. IF THE ANSWER WAS THAT IT WAS NEEDED FOR HOUSEHOLD OR ORDINARY EXPENSES, AND IF THE DEPOSITOR WAS PERSONALLY KNOWN, THE CASH WAS READILY PROVIDED.**"

(The immorality and obnoxiousness of such situations is bald-faced. Storing cash at home, beyond limited amounts, when better stores of value are available, is folly. Cash depreciates as more dollars are created, and is combustible. As for storing precious metal, don't commit the error of a confectionary store owner who stored gold coins in a box on top of his trash can. The

box went out with the trash straight to the dump, the realization taking place as the wife lay in bed---NYT, March 9, 1933, page 5.)

"Use Gold Dust For Money," NYT, March 13, 1933, page 4, "Alaska Prospectors Increased Gold and Silver Output in 1932"---

"Anchorage---Gold mining in Alaska has received a great impetus through the financial stringency, for Alaskans can still use gold dust for small change, and big stakes are to be made in the larger dredging operations. "Our banks are in sound condition," said president E.A. Rasmuson of the Bank of Alaska today---**BUT MERCHANTS AND BANKS HAVE RESURRECTED THE OLD-TIME GOLD SCALES AND ARE READY TO DO BUSINESS ON A PIONEERING BASIS IF NECESSARY."**

(Gold! A money, like silver, that cannot fail!)

"Mining was the single industry of the territory that showed an upward trend in 1932. Domestic gold and silver shipped that year amounted to \$9,328,897, as against \$9,018,378 for 1931, the Treasury Department reported. The latest prospector to make a stake is Miss Gladys Comstock, who has worked a claim forty miles from Juneau for three years, traveling to and from the city by airplane. **WITH THE PROCEEDS, SHE SAILED RECENTLY FOR THE ORIENT ON A VACATION."**

(What a name for her to have---Comstock! What a woman! She could have been standing in line at some soup kitchen. Instead, she was making a good living during national hard times by going for gold!)

A newspaper in Pottsville, Pennsylvania circulated "wooden dollars" as currency for a very temporary period, the NYT reported the "coins" all vanished (March 14, 1933, page 9)

Richard Van Kuehlmann, former German Foreign Minister, quoted in the NYT, March 17, 1933, page 4, stated---

"Germany would have to go off the gold standard immediately if this country did," he said, "and France would eventually have to follow. **A RACE FOR THE WORST CURRENCY WOULD RESULT** because of the advantages of a depreciated currency in paying wages, and in this race I am sure Germany, because of her greater experience, would win. The process that took us four years after the war would be completed in a few months."

The March 17, 1933 NYT, page 4, reported that New York State Superintendent of Banks, Joseph A. Broderick, raised from \$25 to \$250 the amount depositors could withdraw per week from savings banks."

(All such items underscore the necessities of not being overexposed to a Federal bank freeze. Perversely, this includes holding some significant amount in Federal Reserve Notes. Clad quarters could be even better in cases. We assuredly hope that your holdings of superior money far exceeds that of the necessitated play money. The same article also reported another highly predictable facet of the spring 1933 monetary crisis)---

"THOSE IN THE HYSTERIA OF THE HOLIDAY WERE VICTIMIZED BY SCALPERS WHO OFFERED TO BUY BANK BOOKS AND ASSIGNMENTS AT PRICES FAR BELOW THE STATED VALUE OF DEPOSITS."

"Woodbridge Issues \$75,000 Scrip," NYT, March 23, 1933, page 7---

"Woodbridge, New Jersey---6,000 "baby bonds" were being distributed here in payment of back salaries of school teachers and police. Payment was made on the basis of 25 percent cash and 75 percent in bonds, which are in denominations of \$10 and \$25."

The NYT, March 23, 1933, page 7 reported concerning an internal theft scandal at the Harriman National Bank & Trust Company---

"The Controller of the Currency, the counsel for the clearing house, the Department of Justice and the United States Attorney's office, ***WITH KNOWLEDGE OF THE CONDITION OF THE BANK FAILED TO TAKE STEPS TO PROTECT THE DEPOSITORS.***"

(Federal and state officials---regulators---knowing there are corruption problems in financial matters involving significant institutions---intentionally choosing to be derelict in their duty to the American public? You bet! Consider the CFTC corruption matter, spearheaded by Ted Butler.)

North Dakota banned home foreclosures during the crisis, and forbade repossession of farming implements (NYT, March 24, 1933, page 10.)

The New York Times Magazine (section VI), March 26, 1933, page 17 had commentary on the assortment of scrip in the depression times---

"The depression is making an important contribution to numismatics in providing those who collect coins with new kinds of currency, or substitutes for currency. In the past year or two there have appeared ***MANY TYPES OF EMERGENCY MONEY, PRINCIPALLY OF PAPER***, of various denominations and from widely separated localities. Some of it is in the form of scrip issued by municipalities to serve as cash to meet payrolls, some is in the form of certificates which can be exchanged for labor or commodities."

"A typical certificate of a local government is that issued by Evanston, Illinois, referred to as "Eirma money," using the initials of the Evanston Independent Retail Merchants Association for its name. The Eirma dollars are sold to the public at \$1 each; those who receive one will place a two-cent stamp on the back of the dollar and put it into circulation again. When fifty stamps have been attached, the dollar is cancelled and a real dollar invested in tax anticipation warrants."

"Other types of certificates are issued as those of Yellow Springs, Ohio, for the convenience of people in the farming section who wish to exchange produce for labor and vice versa. A Department of Commerce report from Java states that, as money is becoming increasingly scarce there, ***THE NATIVES HAVE ADOPTED CIGARETTE COUPONS AS A NEW FORM OF CURRENCY.***"

Had you considered that while precious metal coins are certainly not funny money---that there is another way to debase them, other than by governments increasing the percent of base metal alloy? Months ago I sent Mr. Morgan of Silver Investor a pair of Franklin half dollars for personal presentations. These particular coins were not noteworthy except for one aspect---their milled rims had been expertly shaved to remove bits of silver. Many coins would have to be shaved to yield just over a third of an ounce that such coins normally contain. There was a letter in the NYT by William Orr, then in his 72nd year. He held numerous positions with the YMCA and according to the Who's Who for 1935, page 1814, was deputy commissioner of education for Massachusetts, 1914-1916. His letter was entitled, "Debased Coinage" and subtitled "England Had An Experience That Proved A Warning"---

"Seven generations of mortal men have passed since the English Parliament, in 1695, took courageous and far-sighted action in doing away with the economic evils arising from a debased medium of exchange. Macaulay, in his "History of England," tells in graphic fashion how, in 1690, the country was suffering from the circulation of silver coin of less than standard weight, alongside of crowns and shillings of full value."

Thomas Macaulay, 1800-1859, historian---



"This situation had come about through the widespread practice of "clipping" coins, crudely fashioned by hand, so that it was easy to par off shavings of silver. Even after modern methods of minting were introduced in the reign of Charles II, the lightweight coins remained in use and were accepted at full value in payment at full value in payment of public obligations and for taxes."

"However, with the circulation of the new coinage milled on the edge to prevent clipping, increased difficulties developed. It soon came about that, contrary to the views of politicians and financiers, **CLIPPED COINS TENDED TO DRIVE THE MILLED MONEY OUT OF CIRCULATION AND THE LATTER WAS HOARDED OR FLED OVERSEAS**. Macaulay, with classical erudition, notes that Aristophanes had recited that **BAD MONEY DRIVES OUT GOOD MONEY.**"

Aristophanes, Greek philosopher, 456 to 386 BC---



"SO GREAT WERE THE GAINS FROM CLIPPING THAT, IN SPITE OF EXTREME PENALTIES EQUAL TO THOSE FOR HIGH TREASON, the practice grew apace. Macaulay says---"The evils produced by this state of the currency were not such as have generally been thought worthy to occupy a prominent place in history. Yet, IT MAY WELL BE DOUBTED WHETHER ALL THE MISERY WHICH HAD BEEN INFLICTED ON THE ENGLISH NATION IN A QUARTER OF A CENTURY BY BAD KINGS, BAD MINISTERS, BAD PARLIAMENTS AND BAD JUDGES WAS EQUAL TO THE MISERY CAUSED IN A SINGLE YEAR BY BAD CROWNS AND BAD SHILLINGS."

"Finally, the need for drastic action became clear to intelligent men. It is noteworthy that Sir Isaac Newton, the scientist, and John Locke, philosopher, staunchly supported the statesmen Somers and Montague in their effort to do away, once and for all, with the debased coinage. There was vigorous opposition within and without Parliament. England was at war on the Continent and it was argued that any reform in the currency should wait the return of peace. ***MANY OF THE ARGUMENTS IN FAVOR OF LETTING THINGS ALONE SAVOR SOMEWHAT OF THE POINT OF VIEW OF THE INFLATIONISTS OF TODAY.***"

"After vigorous and, at times, violent debate, the House of Commons, early in December 1695, 225 ayes to 114 noes, enacted a measure ***DOING AWAY WITH ALL CLIPPED COINAGE*** and provided that, on and after May 4, 1696, only coin of minted value would be received in payment of taxes. Although some readjustments were necessary, none of the direful results predicted by the advocates of debased coin came to pass. Great benefits to trade and industry followed the action of Parliament. Since then England has jealously maintained the intrinsic value of her coinage."

(After a fine letter he wrecked it with the last sentence! England debased its silver coins from .925 to .500 as of 1920. Those of us who have many bags of coins are sure to have some with shaved rims unless we've been very careful and had a great deal of time fishing them out.)

"Painless Inflation Viewed As Possible" was a letter that appeared in the NYT, May 7, 1933, section IV, page 5, in which the writer "proposed to inflate the currency by the issue of three billion paper dollars." The writer, Ernest Flagg, was the architect, among other buildings, of the Corcoran Gallery of Art in Washington, D.C. William W. Corcoran, immensely wealthy land owner and his partner purchased the District of Columbia branch of the second United States Bank in 1845 as Riggs & Corcoran, which became the largest bank in the capital. Henry Clay, a great antagonist of President Jackson and friend of central banking, had an account with R & C

as of 1850. Corcoran's amazingly extensive financial misdeeds were chronicled in 1909 in "History Of The Great American Fortunes," and the Riggs National Bank is said to have contributed to plans to form the Federal Reserve System. Yeah, let's inflate the currency by issuing billions of paper dollars! It will be profitable for those upstream!

"Chase Gets Award For Cuba's Silver," NYT, May 20, 1933, page 23---

"Havana---The Havana branch of the Chase National Bank of New York has received the award on its bid for handling the coinage of the new \$6,000,000 silver issue to be made by the Cuban Government under the law passed by Congress on May 10. The institution was the only bidder."

(It's ironic that a bank with a huge hatred for silver would profit from silver. It's suspect that there was no other bidder. In 1930 the son in law of Cuban President Machado received a \$500,000 "commission" from Chase---"America's 60 Families," 1937, page 229, which also said, referring to Pilgrims Society member Albert H. Wiggin---"Under his headship the Chase National Bank played an evil role in Cuba.")

"According to the terms of the bid, the silver will cost the Cuban Government more than \$1,600,000, Although the law provides for the issuance of an equal amount of silver certificates in denominations of \$1 to \$10 against silver to be held in the Treasury, it was learned at authoritative sources that the administration has definitely decided not to issue the certificates."

(Watch what they say next!)

"Whether the decision resulted from pressure exerted by the American Government owing to certain provisions in the treaties between the two countries is not clear. However, ***UNDOUBTEDLY SUCH PROCEDURE WOULD HAVE MEANT THE WITHDRAWAL OF THE HAVANA BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA***, which now acts as distributing agent for American currency here, in one, two, five, ten and twenty dollar bills."

(The Fed couldn't stand to see any circulating notes convertible in silver, huh?)

"At the same time commercial interests felt generally that ***ISSUANCE OF SILVER CERTIFICATES HELD OUT POSSIBILITIES OF ESTABLISHING A PRECEDENT OF RESORTING TO THE PRINTING PRESS FOR FUTURE FINANCIAL DIFFICULTIES, THEREBY FLOODING THE COUNTRY WITH HIGHLY SPECULATIVE SPECIE CURRENCY***. Many financial observers believe the plan will bring about a sharp depreciation in the value of the Cuban dollar. The discount may reach as high as 20 percent, in their opinion."

(Wow! That was a case of the devil calling the Christ child evil!)

"Salvador To Coin Silver" appeared in the NYT, June 16, 1933, page 3---

"Congress has authorized the President to arrange for the coinage of 5,000,000 colones in silver coins, containing twenty-five grams of silver, as an emergency measure on account of the critical economic situation. Farmers are expected to benefit, as the money will be made available to an institution provided by a special law to protect agriculture."

(Perhaps if the U.S.A. becomes a near ruin someone in Congress will come awake and realize what is needed is real money---that which requires no so-called "government backing.")

The Times, London, June 20, 1933, in their gold section, page vii was a story, "Wooden Cash--- Strange Forms Of Currency"---

"As a result of the banking crisis in the United States, which culminated in the nationwide banking holiday in March this year, the Chase National Bank of New York has been able to add a number of interesting specimens to its extensive collection of moneys of the world. Lack of banking facilities and inability to draw on bank accounts for wages, and even for small sums for daily household wants, produced some curious results. In many districts throughout the United States local business men or municipal authorities met the difficulty by creating issues of local currency to be redeemed when "real" money was again available."

"Such local money took many forms. In Clear Lake, Iowa, nearly 500 farmers sold 12,200 bushels of corn to the local merchants association at 25 cents a bushel, and the association issued in payment "corn money" to the extent of approximately \$3,000 in 25 cent notes. It was stipulated that all the money was to be spent in local shops by the following night, and it was reported that one note changed hands 22 times within three hours of its issue. In Wallowa County, Oregon, notes were issued stamped on real buckskin in denominations of "half buck" and "one buck," while the business men of Heppner used sheepskin for the purpose."

(We looked at overlapping details from the NYT earlier. There was a discrepancy of 3,540 bushels of corn between the two stories, somehow suggestive of the dishonesties of banking.)

"In Waterloo, Iowa, the Unemployed Relief Club issued notes in terms of hours of work. Thus a plumber, having done six hours work, received a note which he could present to the club and obtain in return the equivalent in goods or the equivalent in hours of work from a bricklayer or a carpenter whose services he might require. The "oyster money" of Raymond, Washington, had not any connexion with oysters except that in past days a local tribe of Indians had used oyster shells as currency."

"In Blaine, Washington, in lumber country, wooden money was used. It also was issued by the local chamber of commerce in Tenino, Washington, and in this case the experiment had a most interesting result. The money proved popular and in all some 25,600 wooden pieces, in denominations of 25 cents, 50 cents and \$1, were issued to a total of \$6,000. Since the reopening of the banks only about \$40 of this currency has been brought back for redemption, and out of the profits on the venture the chamber has been able to buy a bank building and furniture, with a view to organizing a new bank in the town."

"In other districts "anti-hoarding" cheques were issued, the idea being that each cheque must bear 70 endorsements; that is, having changed hands 70 times, before the issuing authority would redeem it. Some of these cheques measured 15 inches by 7 inches wide. The Chase Bank collection of moneys of the world now contains specimens of over 40,000 pieces of money, some dating back to ancient Greece, but the latest additions are likely in the future to prove not the least interesting items."

In an article on the Baltic Maritime Conference in Copenhagen, The Times, June 22, 1933, page 25 described their view of the World Economic Conference and the results of the Depression---

"Delivering the presidential address, Mr. W.A. Souter said that the greatest evil which had descended upon world trade was the abnormally low level of prices, particularly the wholesale prices of the primary products of countries whose industries were chiefly agricultural. The worst evil produced by this abnormal fall was its disastrous effect on the altered position created between creditor and debtor, international, national or private. The principal and interest upon indebtedness had ultimately to be paid in goods and the lower the price of the goods the larger the quantity required to enable repayment to be made; moreover, the value of assets pledged had fallen out of all proportion compared with the value when the indebtedness was incurred. The position was so serious that in the case of certain countries the interest on their external debts exceeded the total value of their exports."

(Souter was involved in the shipbuilding industry.)

"Unless some remedy could be found by which the wholesale price of commodities could be restored to a higher level, the prospect appeared to be that for a period of years they must go through a process of liquidation and readjustment, with fluctuations, until they again reached a stage of equilibrium. That would mean defaults, unbalanced budgets, wholesale bankruptcies, and the all-round lowering of wages, accompanied by strikes and lock-outs. It would be a long journey and fraught with considerable danger of complete shipwreck. The economic experts appeared generally agreed that an increase in prices was necessary, but there was as yet no agreement as to how it should be brought about."

(This demonstrated the corruption of international conferences. The means of increasing prices was incontestable. Simply do the reverse for monetary silver that the British started doing in 1926. There was no other way. The fact that this failed to occur can reasonably be said to have been the primary cause of the Second World War.)

"The World Economic Conference, Mr. Souter continued, presented a great opportunity for achieving some solution of the economic ills. What was needed, as has been advocated by a very considerable body of expert economists, was agreement among the great Powers to a moderate and controlled expansion of currency on a uniform basis in all the principal countries of the world."

(Having killed silver in the Far East, and greatly depreciated it everywhere else, the Anglo-American World Empire set out to inflate paper currencies, artificially filling the void left by their attack on silver.)

"If this could be secured with its attendant measures in each country, and could be accompanied by the general lowering of tariff barriers, the removal of quotas and exchange restrictions, and the eventual stabilization of currencies on a new ratio to gold, then they could look for a rise in prices, increase in trade, and they would see the increasing stagnation from which they were slowly dying vanish, and the whole world could enjoy that measure of prosperity which scientific production was fully capable of giving. The alternative appeared to be a long period of continued restriction, misery and distress."

(These were gold monometallists, probably really only full fiat activists. The new ratio of currencies to gold, of course, was to be a reduced ratio---a creeping reduction of the gold cover for currencies until the gradualism of it had paralyzed public and legislative opinion, and total fiat established!)

"Nicaragua Demands Duties in Gold," NYT, July 17, 1933, page 11---

"Managua---Because of fluctuating currencies, the Nicaragua Congress has passed a measure requiring that customs duties be paid in gold cordobas, should the paper Cordoba fall in value."

(This would be a nice backup for Ron Paul's recent appeal that Congress allow competing currencies!)

Scrip, fiat or funny money wasn't only a phenomenon in the United States during the Depression. "Chinese General Uses Oilcloth for Currency," NYT, section IV, page 3, August 13, 1933---

"Ninkiang, China---a general of Shenai Province, hard put to find funds with which to finance his troops, **HAS ADDED A NEW CHAPTER TO THE HISTORY OF WORTHLESS PAPER MONEY.**

Because the unprocessed Chinese paper used for making currency shows the effects of wear and tear easily he hit upon the idea of using oilcloth. He flooded his district with bills of 10 and 20 cents denomination made by stamping his name, the picture of a pagoda, the denomination and serial number upon pieces of the ordinary cloth used in wrapping bundles to make them waterproof."

"Oilcloth being abundant, General Wang Yu-Sen was soon confronted with the defense of his currency against the competition of counterfeit. **HE HAS SOLVED THE PROBLEM BY MAKING DEATH THE PENALTY FOR MANUFACTURING SPURIOUS MONEY.**"

"Ban Disappearing Money," NYT, August 27, 1933, page 9, "Austrian Authorities Forbid Towns to Pay for Labor in Scrip"---

"Vienna---The Austrian Government has banned further issuance of "**DISAPPEARING MONEY.**" The municipality of Woergl in the Tyrol having succeeded not only in obtaining payment of tax arrears but restoring a large measure of **TEMPORARY PROSPERITY** by adopting this expedient, many of Austrian municipalities and district councils had proposed to follow suit."

"The currency consisted of certificates valued at one, five and ten Austrian schillings, issued by the municipality in payment for labor. They were voluntarily accepted and circulated by workmen and shopkeepers. It was called "disappearing money" because it lost 1 percent of its value each month. As a result it circulated with great rapidity."

(I bet it burned every palm that held it.)

"Scrip Plan Opposed By German Editor," NYT, August 28, 1933, page 21---

"Berlin---Financial journals throw on Americans responsibility for delay in the issue of conversion fund scrip in lieu of the untransferable 50 percent bond interest. Alfred Landsburg,

editor of Die Bank, finds the scrip solution unsatisfactory. He says it is advisable for Germany to issue instead interest-bearing bonds with prior transfer rights, redeemable within two or three years, and the currency crisis probably will be overcome."

"Such bonds would presumably suffer far less in depreciation than the proposed non-interest bearing scrip, the depreciation of which Dr. Schacht estimates at 50 percent. Agitation by certain German bond debtor corporations for a reduction of the nominal interest rates is deprecated by banks, which admit that scrip depreciation will in effect reduce interest on all bonds by 25 percent."

(Schacht headed the Reichsbank.)

"The outlook for continued interest payment is good. Since the end of June the Reichsbank's total reserves increased from 274,000 to 361,000 marks and gold reserves from 189,000 to 287,000. Further conversion of exchange into gold is expected in the coming weeks."

(Yeah they were on to something sharper by moving into hard precious metal.)

"His Donkey's \$1,000 Meal Brings Pang to Farmer," NYT, September 24, 1933, section IV, page 2---

"Novara, Italy---When \$1,000 worth of lira bills were mixed with his breakfast hay, a donkey belonging to a local farmer did not even so much as bray objection to the newfangled dish. But when the farmer learned what had happened he slapped the animal smartly on the flank, whereupon the donkey kicked him in the stomach. The farmer was taken to a hospital, vowing that the next time he hid money in the hay loft he would himself portion out the barn breakfast rather than entrust the job to his wife."

(Had the farmer held savings in coined money, they would have been passed out, and not been digested as the paper notes were! Saving in paper currency, with minor exceptions, is stupid!)

"Reich Uses Scrip To Finance Trade On Foreign Funds," NYT, October 2, 1933, page 1, "Creditors Will Get Half Cash and Half Scrip, Latter Redeemable at 50%," and "This Scrip Will Be Sold to Nazi Exporters at 45% Discount, While Worth Par in Germany"---

"Berlin---With the issue of scrip offered by Germany at a discount of 50 percent in part payment of her foreign debt service, Germany is also beginning a new offensive for foreign trade, to be financed by her foreign creditors. The decline in German exports, which has been far more serious than that in any other country, although the actual situation has been disguised by the flight of capital, has aroused great apprehension among German businessmen, and cries of alarm are beginning to appear in business publications."

"The scrip was provided for in the partial transfer moratorium declared by Germany last July, but the technical details have required long negotiation, during which the creditor countries have complained of the lack of an accommodating spirit on the part of the German authorities. These difficulties have now been ironed out by mutual concessions and the issue of scrip is now under way."

(Nothing can match gold---and silver, if given the chance---as a way to settle trade balances between nations.)

“The new plan will work this way---the foreign creditor will receive 50 percent of his claims in exchange, which means cash, and 50 percent in scrip. But the scrip can be sold to only one purchaser, the German Gold Discount Bank, and the bank reserves the right to fix the price at which it will redeem the paper. Under the system it has adopted, the foreign creditor must sell his scrip to one of a series of banking syndicates to be formed in the creditor countries. **HE WILL GET ONLY 50 PERCENT OF THE FACE VALUE OF THE PAPER.** In other words, he will receive in cash, through the exchange and scrip payments, only 75 percent of his claim.”

(Shady deals are always a good proposition for someone, right?)

“The banking syndicates will then resell the paper to the Gold Discount Bank at 52.5 percent, and the bank will sell it at 55 percent at home, although in Germany it will have full value. The purchaser will thus have a profit of 45 percent on all scrip he buys.”

(Ever hear of the German Gold Discount Bank? It’s new to me. As usual, paper schemes are good for banking syndicates but questionable for others.)

“But these sales will be made only to German exporters under conditions designed to promote additional German exports. Any German exporter who proves “that, in order to sell his goods abroad in competition with other countries with depreciated currencies,” he must sell below his usual price and will be compensated for his “loss” by the difference between the price paid and the rate received for the purchased scrip.”

“Since he will thus get a rebate of at least 45 percent of the value of the scrip he buys it means he can sell his goods at a large reduction from their normal price and still make a profit. To allay the apprehension of foreign creditors who thus pay part of the cost of German exports, the German authorities (start page 8) assure them that provision has been made to avert German dumping. Theoretically, German exporters taking advantage of scrip will not be permitted to sell below world prices, **BUT JUST WHAT THE WORLD PRICES ARE REMAINS OBSCURE.**”

(That apple had worms in it for sure.)

“According to German commentators, German exports suffer most from depreciated currencies and the dumping of cheap goods into the world market by Japan. The scrip system is to overcome both obstacles, they say, enabling German exporters to sell quality products abroad at the price of cheap products, **AND THUS CONQUER THE WORLD MARKET FOR GERMANY.**”

(Germany wasn’t about to conquer the world economically or otherwise. The Anglo-American Pilgrims Society was soon to gift the world with another World War. It would ensure that Germany would be beaten back yet again. If anyone questions my sympathies, I question their motives. I’m half French, and the French have always had bitter issues with Germany. Mostly the side I’m on is the side of peace. I would define that word in the same way as Presidents Jackson, Van Buren and Tyler would---defend our own borders!)

“In this aspect, scrip will serve as an entering wedge for government control of German foreign trade, which opens the road for government monopoly of foreign trade. The rebate system established by the scrip has been in force already through the use of block mark accounts, that is, foreign owned marks which are held back in Germany. But the discount on these blocked marks amounted to only 25 to 30 percent. The more scrip is issued the less blocked marks are likely to be used, unless German exports rise enormously. **THERE IS AN ADMITTED DANGER, THEREFORE, THAT THE VALUE OF THE BLOCKED MARK LIKewise WILL DROP TO THE VALUE OF THE SCRIP, NAMELY 50 PERCENT.**”

(Use of scrip in limited areas within regional boundaries in various states on a temporary basis as an expedient was justified. Expanding the use of scrip in transnational dealings becomes all the riskier. Its usefulness was limited in smaller scope applications. Using it in global commerce wasn't a sound proposition except for issuers and banking syndicates.)

“Under the new regulations, both scrip and blocked mark accounts will be handled by one central authority, called the conversion office. Besides forcing up her exports, **GERMANY WILL ALSO BE ENABLED BY THIS SYSTEM TO REPAY HER FOREIGN DEBTS AT A FRACTION OF HER FOREIGN DEBTS AT A FRACTION OF THEIR ORIGINAL VALUE.**”

(Seems like the Anglo-Americans wouldn't tolerate that. Perhaps their banking syndicates would profit more by handling the German scrip. And was there any means by which they sought to remove German gold in conjunction with that activity?)

“According to the Frankfurter Zeitung, Germany has already reduced the amount owed under the transfer agreement arrived at in the days of the bank crash, in July 1931, from 6,300,000,000 marks to 3,270,000,000. Taking into account the depreciation of the pound and dollar, the value of this sum today is put at only 2,800,000,000 marks. Since German exporters likewise receive a big rebate for export purposes and for depreciated bonds purchased abroad and have been financing a good part of their exports by that method, the total reduction of Germany's foreign debts is put considerably beyond the 3,000,000,000 marks previously mentioned.”

(The NYT, December 16, 1933, page 23, mentioned that Ray Morris of Brown Brothers, Harriman & Company, 59 Wall Street, was in charge of German scrip syndication in the USA. Who's Who, 1950, page 1953, showed Ray Morris---Yale 1901---“with Federal Reserve Bank during the World War,” meaning WWI---and director of corporations including Best Foods; Grand Union; Punta Alegre Sugar; SKF Industries and trustee of American-Scandinavian Foundation. He was a trustee of several colleges including Vassar and a member of the Piping Rock Club. His son Grinnell appeared as a Pilgrims member in the 1970 Who's Who, page 1615 and married into the Kellogg breakfast cereal fortune. He was with Loeb, Rhoades & Company at 42 Wall Street and a director of corporations including Adobe Oil & Gas; AEL Industries; Amicor; Variable Annuity Life; trustee, Hofstra University and Robert College and a member of Piping Rock and Seawanhaka Corinthian Yacht.)

(A Dr. Walter Rautenstrauch of Columbia University advocated the use of scrip for interest and dividend payments in an address before the New York State Vocational Teachers Association---NYT, December 29, 1999, page 16.)

“Nazis Use Printing Press To Get Funds, Paris Hears,” NYT, October 6, 1933, page 27---

"Paris---The newspaper Liberte professes tonight to see proof of considerable monetary inflation in Germany in the latest statement of the Reichsbank. It says that circulation increased 449 million marks in one week, indicating that **THE NAZIS ARE FINANCING THEMSELVES THROUGH THE PRINTING PRESSES**. It also states that it has knowledge that within the last few weeks the Reichsbank has repatriated gold deposits which had been kept in various French banks. That Liberte's fears regarding the mark are shared in financial circles was demonstrated by the continued weakness of German currency in unofficial trading here."

(All fiat currency is "scrip" in the sense that ultimately, there is no difference in purchasing power between paper issued by the central government, and other paper issued by many private sources which eventually went to zero.)

"German Scrip Deals Protested By Britain---Bondholders Charge the Swiss and Dutch Creditors Receive More Favorable Terms," NYT, November 14, 1933, page 14---

"London---The British Government has made "representations" to Germany against alleged discriminatory treatment of British holders of German bonds, it was announced in the House of Commons today. Bondholders here have been indignant for many weeks over what they consider the more favorable terms granted to Germany's Swiss and Dutch private creditors. Last month the bondholders committee appealed to the government for help in obtaining equality of treatment."

"Germany's discrimination in favor of Dutch and Swiss creditors lies in the acceptance at par of scrip issued in payment of debt service. Under the last arrangement made with foreign creditors the Reich allows them 50 percent in cash of amounts due in foreign exchange. The other 50 percent is paid in scrip, which can be sold only to the German Gold Discount Bank, which pays only 50 percent of the face value. **THUS THE CREDITORS GET ONLY 75 PERCENT OF AMOUNTS DUE**. The Berlin Government has offered to cash this scrip at par if it is used to buy German goods for export. Swiss and Dutch creditors have taken advantage of this offer, but others have refused and have protested the terms."

(The German perspective must have been that they disliked Britain, because of the severity of the terms of the Treaty of Versailles in 1919. The situation also shows how gold is infinitely superior to scrip in settling balance of payments between nations.)

"\$20,000,000 Sham Money To Be Given Away Here," NYT, November 20, 1933, page 3---

"Sham \$1,000 bills to the amount of \$20,000,000 of fictitious inflation money will be given away this week by the Crusaders to suggest to the people of New York "how easily and quickly the proposed deluge of green backs could be issued by the government's printing presses and utterly destroy the value of the nation's sound money."

"Every bill of mock money will bear a surprint inviting citizens to attend the anti-inflation mass meeting to be held on November 27 in Carnegie Hall under the auspices of the sound money committee of the Crusaders in cooperation with leaders of the American Federation of Labor and the American Legion. Among those who will address the meeting will be Matthew Woll,

vice president of the American Federation of Labor, and former Representative Martin W. Littleton.”

(Martin Littleton was a delegate for Alton B. Parker at the Democratic National Convention of 1904. Parker was identified as a Pilgrims member in the NYT, March 2, 1912, page 7, in a feature showing these worthy gentlemen were interested in “annexing Canada.” The North American union concept originated with this hidden organization and they are its driving force today. I suspect the Crusaders advocated a gold monometallic standard and opposed silver.)

“German Scrip Issue Is Filed With Board,” NYT, December 17, 1933, section II, page 9---

“Washington---Filing for registration under the Securities Act of a statement by the Conversion Office for Foreign German Debts of Berlin, covering certificates of indebtedness or “scrip” of the corporation amounting to 45,000,000 Reichsmarks, was announced today by the Federal Trade Commission. The scrip will be issued in lieu of about \$13,500,000 face amount of interest payments on instruments of indebtedness publicly distributed in America and an estimated 5,000,000 Reichsmarks of other payments required by the law of June 9, 1933, to be made into the Konversionskasse.”

“The corporation is authorized to receive from German debtors with foreign creditors payment of the Reichsmark equivalent of the interest payments and certain other classes of payments which they are obligated to make. It will transmit to paying agents or directly to creditors funds in foreign exchange for the payment of 50 percent of the interest items due from July 1, 1933, to December 31, 1933, and will forward its scrip in payment of the balance of such interest items.”

“The date at which the scrip will be redeemed at full value in favor of scrip holders is not determined, but the Golddiscontbank has definitely announced that it will, until December 31, 1933, buy the scrip through an American agency at 50 percent of par. The Golddiscontbank will then make the scrip available to German exporters under certain conditions. The Konversionskasse may buy the scrip from such exporters at par.”

(Scrip, anyone? Or do you prefer payment in one of the precious metals?)

“Reich Trade Talks In Paris Collapse,” NYT, December 22, 1933, page 15 subtitled, “Germans Leave, Refusing the French Request to Reduce Their Export Surplus,” and “Commercial War Likely” and “Berlin Says France’s Demands Would Have Imperiled Debt Transfers to Her”---

“Paris---The Franco-German trade negotiations that have been going on here for the last six weeks definitely broke down today without any agreement and the Reich’s delegation took this evening’s train for Berlin. The Ministry of Commerce announced the failure to reach an accord in the following communiqué---

“The Franco-German commercial negotiations have been interrupted, the German delegation considering itself unable to accept the definite propositions made to it by the French delegation.”

“The trade balance between the two countries has been heavily in favor of the Germans, and it is understood the French desire to correct this by applying quotas and inducing the Germans to take more French goods. Moreover, the French are strongly against Dr. Hjalmar Schacht’s **MANIPULATION OF THE GERMAN FOREIGN DEBTS BY SCRIP AND THE CONSEQUENT DUMPING THEY CHARGE IT PERMITS**, and they tried without success to get the Germans to alter the practice.”

(As with Britain, Germany of course disliked France. Germany never forgot the ravages Napoleon inflicted on them and undoubtedly wanted any payback they could get.)

“The importance of the Franco-German trade to both countries is very great, for despite their mutual antagonisms they are very good customers of each other. The continuance of the present deadlock would have such serious economic and political consequences that it is believed both parties will have to try again soon to reach some sort of agreement.”

(Considering the drift towards another big war in Europe that was already under way, it’s an easy guess that these attempts would continue to fail. Have another look at the scenes of worried depositors scrambling to remove their funds from banks in early 1933)---



Had Great Britain not intentionally destabilized the world monetary system starting with its 1926 attack on monetary silver, scenes as above would not have become part of the historical record. It is frightening and abominable how the British leadership has never given up controlling the world financial system. What they and their American and European partners offer is funny money. Only real money will shield you against depreciation.

The Times, London, June 20, 1933, in an entire section devoted to gold and precious metals (article with five references to the Rothschilds titled “Royal Mint Refinery”) on page xxi commented---

“The events of recent years seem to indicate that gold has a greater hold than ever before on the imagination and confidence of the world. As long as a metallic standard of value persists the refiner will continue to furnish an integral part of the world’s financial mechanism.”

What exactly is on the immediate horizon for the silver and gold investor? Among other features of the monetary landscape, to extend the “life” of the fiat dollar a while longer---is war. “Silver Prices Soar On War Threats” appeared in the NYT, November 10, 1931, front page.

Words from a well-known song describe the impossible hopelessness of funny money schemes and systems---

“Maybe if we think and wish and hope and pray it might come true!”---Lyrics from 1966 hit by Beach Boys, “Wouldn’t It Be Nice”