

# The Howell Trade Dollar

by [Michael E. Marotta](#)

The Stock Market Crash of 1929 marked the onset of the Great Depression, but it took 30 months for the banks to fail. After all, the stock market had crashed often, sometimes twice in a decade. While the effects were not to be ignored, they were negligible in an agrarian, frontier society. The purpose of the stock market is to raise new capital for industrial ventures and in this it competes with other avenues. (Venture capitalists were known in ancient Athens.) So, it took three years of government intervention, first under Hoover's New Deal, then, finally under Roosevelt II, before total economic collapse occurred. And even so, all that was missing was money. Most people had the same assets (and liabilities) they held the day before and would hold the day after. What they needed was a medium of exchange. So, the Howell Board of Commerce issued "stamp scrip."

The First National Bank in Howell was placed in conservatorship on February 13, 1933. The Howell Trade Dollar was issued on February 22. Within two weeks, all 5000 notes were in circulation. This is telling because in order to get one, you had to spend \$5. Some people bought automobiles in order to acquire many of them. Other people paid off accounts three years old. The notes circulated for 6 months and were widely regarded as having been successful.

What made this scrip special and subject to study on the national level is that it depended on the "velocity" of money. The holder of a note had to spend it every three days. When the note was spent, a 2-cent stamp was affixed to the back. After 52 transactions, the note was redeemed by the Howell Board of Commerce for a real dollar. (If the note was not spent, the holder still had to buy a 2-cent stamp.) The idea was to keep this money in circulation.

The notes had a natural tendency to accumulate in the shops of retail merchants. Therefore, they were sold to businesses, school boards, etc., at a 5% discount. Citizens Insurance of Howell was one of many businesses to pay wages in Howell Trade Dollars.

Some of the details of how the scrip was actually used are no longer clear. The issue below [hardcopy only] shows some kind of tally. It is not likely that these are final evaluations, since about half the places are still open. Many of the stamps have double zeroes written across them. The tallies could represent the whole dollar value of the purchase which necessitated the stamp. If so, the 00 would indicate that the stamp was bought as a

penalty for holding the note without spending it.

Also, according to the legends on the back of the note, stamps were required every 10 days. The notes seem to have been intended to circulate from July 25, 1933 to December 6, 1934, a total of 509 days, 519 allowing for a 10-day period before the first stamp was due.