

SCRIP MONEY BRINGS FAME TO HAWARDEN

Chapter 45

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The infamous election of 2012 is now history. Television can be watched without the incessant commercials and when the phone rings, there may actually be a friendly voice on the other end.

Of course the morning after an election is not a magical day; it may feel magical to the victors, but morning had hardly turned to afternoon before all the challenges facing America were being discussed; not in some political ad, but by the congressmen, senators and administration. These are the members of our government who have campaigned so hard to earn the right to "fix" what is wrong with our economy.

This year, the buzz word seems to be "The Fiscal Cliff." What that means is not really known, at least not to me. Whatever it means it sounds ominous and one wonders if we will all jump over the fiscal cliff or if we will be pushed.

I am sure this is not America's first "Fiscal Cliff". When the Great Depression of the 1930's hit everyone felt that they were at a point of no return. There was no money and no jobs. It was hard for most people to buy even the necessities; prices were low, but people could not afford to go to the store.

A resident of Hawarden, Charles J. Zylstra, a student of economics and the U.S. Monetary system, was elected to the Iowa State Legislature from Sioux County in 1932. Zylstra strongly believed that bonding of, or borrowing by the United States' government was not a policy that should be used to solve this Depression. Obviously, policies have changed immensely since 1932.

Mr. Zylstra presented a plan to the Hawarden City officials in October of 1932. The City and Chamber agreed to give Mr. Zylstra's plan a try and that was a decision that immediately placed Hawarden on the national map, and brought camera crews, reporters, businessmen, as well as just the curious, traveling to Hawarden to cross-examine this unusual plan. A Pathe news crew came and interviewed residents and merchants, and soon the Pathe Newsreels put Hawarden, Iowa on the big screen, reaching most of the United States as well as many foreign countries.

Charles Zylstra's plan was to print and issue a new form of currency called Hawarden Scrip Money. The first issue of this money was three hundred pieces of Scrip Money that would each be worth one dollar. The City of Hawarden used this Scrip as wages to unemployed men who were looking for work and were willing to do such jobs as work on streets and alleys, shovel snow, mow city property, and any maintenance work and duties that they were assigned. The men were paid one dollar in scrip money and sixty cents in cash for each day's work. This money could be spent at participating merchants as well as to the City for payment of city utilities.

The principle of the Scrip Money was to put the unemployed back to work and to stimulate the City's economy with money that would circulate throughout the community.

Each piece of Scrip Money was worth \$1.00. On the back of each piece were spots for thirty six three cent stamps. Every time the money exchanged hands, as well as at the end of each week, a three cent stamp had to be placed on the back of each one dollar certificate. Merchants purchased these stamps from the City of Hawarden and when all thirty six stamps were affixed to the back of the Scrip, it could be redeemed at the City for one dollar. The thirty six three cent stamps equaled \$1.08, which paid for the Scrip issued, and an additional eight cents to pay for printing and advertising. The money paid to the City for the purchase of the three-cent stamps went in to an account to redeem the Scrip. Thus funding the program.

By the time each Scrip dollar was redeemed, it had circulated thirty six times and generated \$36.00 in sales. When the three hundred Scrip dollars were all redeemed with the required thirty-six stamps on the back, they had produced \$10,800.00 worth of wages and business transactions. The first issue of Scrip Money was so well received that the merchants immediately requested that a second issue of three hundred coupons be printed.

Not everyone was thrilled with the new money. Merle Stone publisher of the *Hawarden Independent* was critical of the plan; he thought the purchase of the three-cent stamps by the merchants was an unfair burden and resulted in the businessmen paying more than their share for relief to the unemployed.

In reality, the success of Charles Zylstra’s scrip money program was primarily due to its wide spread publicity. One of the many visitors who came to Hawarden to investigate the plan was Dr. Irving Fisher, an economist from Yale University. Dr Fisher was quoted, “Stamp money is hot money. It burns the pocket of every person who has it and they want to get rid of it before another stamp is required.” He also reported that if such a plan was adopted nationwide it would end the depression in short order.

People from every state of the union as well as many foreign countries either came to Hawarden personally or inquired about it through the mail, and many implemented their own “scrip plan” modeled after Hawarden’s. Hawarden’s scrip plan was also written up in *Liberty* and *Collier’s* magazines and in many news articles. A request was received from Chase Manhattan Bank of New York for one of the certificates for its collection of unusual money specimens.

Zylstra eventually was able to pilot a bill into law at the Iowa State Legislature that gave Iowa’s ninety-nine counties the right to issue state-sanctioned stamp scrip as a way of providing relief for the unemployed.

Because of the wide spread publicity, much of Hawarden’s second issue of Scrip money actually was never redeemed as it became a collector’s item by the many tourists who came to Hawarden to research and experience the Scrip Money Program.

During the past several years, as well as in 2012, Hawarden has again offered Scrip Money to encourage residents to “Shop at home “. Christmas Scrip allows each adult to purchase \$100.00 in Scrip Dollars for \$85.00; a 15% discount funded by the participating merchants. Each year \$20,000.00 of Christmas Scrip Is circulated in the community.

Printing money to alleviate poor economic conditions, sounds good; but as many communities unfortunately discovered during the 1930’s, you cannot print money unless you can guarantee funds to cover its’ value. When money is printed without financial backing, a Fiscal Cliff looms in the future. ⁱ

ⁱ Hawarden Centennial Book

