Whale Money — An Instance of Private Enterprise Coinage

by ROBERT LEFEVRE

HARRY W. Howard is an ingenious American. He also may have found a unique niche is this nation's history through what was apparently an entirely illegal, though well-intentioned, procedure of a couple of years ago. Harry owns three gift shops out on Nantucket Island, which is just about thirty miles off the Massachusetts coast. And because the government couldn't seem to provide enough coinage for Harry to make change in his gift shops, he figured he'd do something about it personally.

After all, when you're trying to keep three places of business going, you've got to be able to make change. Morning after morning Harry would go to the bank to find that they couldn't give him any coins at all. Or sometimes, if his luck were high, they'd be able to provide one roll of quarters and maybe a roll of dimes and nickels. For three establishments! And tourists flocking all over the place looking for bargains. In desperation Harry contacted the firm of Enco, Inc., which is in New York City and is a large producer of souvenirs and gift shop merchandise. Harry wanted to know if they could make coins for him. He wanted aluminum coins in two denominations: two bits and four bits.

On the face of the aluminum discs he had the words Nantucket Island inscribed, also the notice that the coins were good at each of his gift shops — and their names were included. Then on the back of each coin was the designation "two bits" or "four bits," as the case might be. He had a spouting whale etched on the face and the notice that coins would be redeemed up until 1970.

Then Harry checked around and found that most of the businessmen on the island were happy to accept the coins. They had the same problem Harry had. So, at the cost of $1,000 to Enco, he had $7,500 worth of coins minted. And that's not a bad bit of business in itself.

The first week Harry put out $200 worth of the coins. By the end of the second week there was about $1,000 worth of "whale money" in circulation on the island. What really surprised Harry were the letters that began coming in. Coin collectors began to hear of the coins and wrote for them, so Harry had a lucrative business going among numismatics almost from the first.

Then the Federal Reserve Bank of Boston moved in. It informed Mr. Howard that the Constitution says that only Congress has the power to coin money. It is illegal for anyone else to do anything like that. Mr. Howard kept on, so the Secret Service was informed. They requested that he send coin samples to Washington, which he did. From the government's point of view, here was a man who was nearly a counterfeiter. Yet he really wasn't. If a private citizen makes a coin that purports to be a genuine U. S. coin, that is counterfeiting. But the U. S. hasn't yet begun putting out "whale money," and there was no real counterfeiting here. Mr. Howard wasn't trying to break the law or do anything illegal. He just suddenly found himself in the coin minting business because the government was doing such a bad job of it.

Well, I haven't been able to get any late word on Mr. Howard. Presumably he was forced to quit his minting business as the government began to solve the coin shortage by minting more sandwich coins and increasing the amount of coins in circulation. But this little episode reveals fairly well what could happen in any community if the government money failed and people would no longer accept it. Ingenious businessmen could come forward with trade chits of one sort or another and, as long as they were honest and would keep their promises, that kind of money would serve in trade as well as any other.

I hope Mr. Howard wasn't punished for what was really a whale of a good idea. Although the government may have thought this money was kind of fishy, the customers found it entirely satisfactory. Congress hasn't done too good a job with its monopoly in the money coining business. Maybe it's time for businessmen to take over this task and introduce a little competition into the field.

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Chicago's Architectural Renaissance

VISITORS to the HGS annual conference who have been absent from Chicago for a time will stare in wonder at its striking new skyline. The city's building boom is vibrating with intensity as builders, planners and construction workers all strain for faster action in a race against ever higher costs.

The Loop is the center of the current boom. Among four of its new structures is the 100-story John Hancock Center — the world's second tallest building — a modern concept that is typical of new construction even greater in height to come.

Land east of the Loop is, according to D.J.R. Bruckner of the Los Angeles Times, "a better bet than gold for an investor." To the west of the Loop a massive multi-building complex is being planned, complete with underground streets and 12 acres of open plaza. Situated in the old Madison Street skid row area, it is convenient to rail and subway transportation.

The Illinois Railroad emerges as a giant figure in this drama, with midcity property still available for development. As has often been pointed out here many railroads are rich in land held in freight yards and in air rights over existing tracks. One of these IC air options involves a proposed complex of office and apartment buildings at a cost of more than $250 million.

All this of course poses a critical transportation problem. The cost of proposed subway shuttles from the Loop to the near north side (where the HGS conference will be held) and to the University of Illinois, are estimated at $600 million but more likely will approach $850 million. This brings out a familiar query. Since the subways vastly enrich those who own adjoining land, could not the land pay its just share to provide this service instead of having harassed riders pay increased taxes? Why not assess this valuable property in today's terms, and tax accordingly?

Your next HGN will reach you in August with a report of the annual HGS conference at Chicago, July 9-13. The July issue will be omitted this year.