

Bank Holiday of 1933 ^[1]

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by Robert E. Ireland, 2006



Customers crowd in front of the Raleigh Banking and Trust Company during the crisis that prompted President Roosevelt to declare a bank holiday, temporarily closing all banks. Courtesy of North Carolina Office of Archives and History, Raleigh.

Between the stock market crash of October 1929 and mid-March 1933, 215 North Carolina banks, with a combined \$110,854,000 in assets, failed. Bank runs had increased in early 1933, prompting the General Assembly ^[2] to give authority to N.C. Banking Commissioner Gurney P. Hood ^[3] to limit withdrawals. However, only a few banks made use of this power, and runs continued to occur.

To stem panic and help prevent bank runs, individual governors around the country began to declare bank holidays. After a New York State bank holiday was proclaimed on 4 Mar. 1933, Hood met with state bankers to plan a similar action for North Carolina. Between 6 and 8 March of that year, Governor John C. B. Ehringhaus ^[4] proclaimed a bank holiday, making North Carolina the last state to suspend bank activity. The day after his inauguration President Franklin D. Roosevelt ^[5] called a national bank holiday to extend from 5 to 9 March (it was later extended for an indefinite time). Congress moved quickly to pass the Emergency Banking Act ^[6], which authorized the bank holiday and established a mechanism for the orderly reopening of all banks. The act also created the Federal Deposit Insurance Corporation ^[7] (FDIC) and put more authority and responsibility in the Federal Reserve Board ^[8], thus providing for more rigid control over capital requirements in state banks. The move proved to be successful. By 18 March, it was announced that 222 banks were back in operation in North Carolina.

Reference:

T. Harry Gattton, *Banking in North Carolina: A Narrative History* (1987).

Additional Resources:

The Economics of the Great Depression. ANCHOR. <https://www.ncpedia.org/anchor/economics-great-depression> ^[9]

The Economics of Recovery and Reform. ANCHOR. <https://www.ncpedia.org/anchor/economics-recovery-and> ^[10]

1933 Session Laws, General Assembly: <https://digital.ncdcr.gov/Documents/Detail/public-laws-and-resolutions-passed-by-the-general-assembly-at-its-session-of-...1933/4113808?item=4118035> ^[11]

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From:

Encyclopedia of North Carolina, University of North Carolina Press.^[17]

1 January 2006 | Ireland, Robert E.

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