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SILVER COINAGE

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

SILVER COINAGE

JUNE 3, 1965.—Referred to the Committee on Banking and Currency, and ordered to be printed with accompanying papers

To the Congress of the United States:

From the early days of our independence the United States has used a system of coinage fully equal in quantity and quality to all the tasks imposed upon it by the Nation’s commerce.

We are today using one of the few existing silver coinages in the world. Our coins, in fact, are little changed from those first established by the Mint Act of 1792. For 173 years, we have maintained a system of abundant coins that with the exception of pennies and nickels is nearly pure silver.

The long tradition of our silver coinage is one of the many marks of the extraordinary stability of our political and economic system. Continuity, however, is not the only characteristic of a great nation’s coinage. We should not hesitate to change our coinage to meet new and growing needs. I am, therefore, proposing certain changes in our coinage system—changes dictated by need—which will help Americans to carry out their daily transactions in the most efficient way possible.

There has been for some years a worldwide shortage of silver. The United States is not exempt from that shortage—and we will not be exempt as it worsens. Silver is becoming too scarce for continued large-scale use in coins. To maintain unchanged our high silver coinage in the face of this stark reality would only invite a chronic and growing scarcity of coins.

We expect to use more than 300 million troy ounces—over 10,000 tons—of silver for our coinage this year. That is far more than total
new production of silver expected in the entire free world this year. Although we have a large stock of silver on hand we cannot continue indefinitely to make coins of a high silver content—in the required quantity—in the face of such an imbalance in the production of silver and the demand for it.

We must take steps to maintain an adequate supply of coins, or face chaos in the myriad transactions of our daily life—from using pay telephones to parking in a metered zone to providing our children with money for lunch at school.

The legislation I am sending to the Congress with this message will insure a stable and dignified coinage, fully adequate in quantity and in its specially designed technical characteristics to the needs of our 20th century life. It can be maintained indefinitely, however much the demand for coin may grow.

Much as we all would prefer to retain the silver coins now in use, there is no practical alternative to a new coinage based on materials in adequate supply. THE NEW COINAGE

I propose no change in either the penny or the nickel. The new dime and the quarter—while remaining the same size and design as the present dime and quarter—will be composite coins. They will have faces of the same copper-nickel alloy used in our present 5-cent piece, bonded to a core of pure copper. The new dime and quarter will, therefore, outwardly resemble the nickel, except in size and design, but with the further distinction that their copper core will give them a copper edge.

This type of coin was selected because, alone among practical alternatives, it can be used together with our existing silver coins in the millions of coin-operated devices that Americans now depend upon heavily for many kinds of food and other goods.

THE HALF DOLLAR

Our new half dollar will be nearly indistinguishable in appearance from the present half dollar. It will continue to be made of silver and copper, but the silver content will be reduced from 90 to 40 percent. It will be faced with an alloy of 80 percent silver and 20 percent copper, bonded to a core of 21 percent silver and 79 percent copper. The new half dollar will continue to be minted with the image of President Kennedy. Its size will be unchanged.

THE SILVER DOLLAR

No change in this famous old coin, or plans for additional production, are proposed at this time. It is possible that implementation of the new coinage legislation that I am proposing, greatly reducing the requirement for silver in our subsidiary coinage, will actually make feasible the minting of additional silver dollars in the future. Certainly, without this change in the silver content of the subsidiary coinage, further minting of the silver dollar would be forever foreclosed.

It is our intention that the new coinage circulate side by side with our existing coinage. We plan to continue the minting of our current silver coins while the new coinage is brought into quantity production.
The new coins will be placed in circulation some time in 1966. In terms of the present pattern of coin usage, adoption of the new coinage will permit a saving of some 90 percent of the silver we are now putting into coins annually.

*I want to make it absolutely clear that these changes in our coinage will have no effect on the purchasing power of our coins. The new ones will be exchanged at full face value for the paper currency of the United States. They will be accepted by the Treasury and by the Federal Reserve banks for any of the financial obligations of the United States. The legislation I am proposing expressly recognizes the new coins as legal tender.

It is of primary importance, of course, that our new coins be specifically designed to serve our modern, technological society. In the early days of the Republic, silver coins served well because the value of a coin could only be measured by the value of the precious metal contained in it. For many decades now the value of a particular coin has depended not on the value of the metal in it, but on the face value of the coin. Today's coinage must primarily be utilitarian. The new coinage will meet this requirement fully, while dispensing with the idea that it contain precious metal.

It is, above all, practical. It has been specifically designed to function, without causing delays or disruptions of service, in coin-operated merchandising machines.

Furthermore, it is composed of materials low enough in value and readily enough available to insure that we can have as many coins as we need.

The legislation I am proposing also contains these additional recommendations:

**Other Authority Requested**

*First.*—As a useful precautionary measure, I request standby authority to institute controls over the melting and export of coins to assist the protection of our existing and our new silver coinage.

*Second.*—I request authority to purchase domestically mined silver at not less than $1.25 per ounce.

*Third.*—I am asking for authority to reactivate minting operations temporarily at the San Francisco Assay Office.

*Fourth.*—As a safeguard for assured availability of the new coinage, I am asking for new contracting authority for the procurement of materials and facilities related to it.

*Fifth.*—I propose the establishment of a Joint Commission on the Coinage, composed of certain Members of the Congress, the public, and the executive branch of the Government, to report to me later the progress made in the installation of the new coinage and to review any new technological developments and to suggest any further modifications which may be needed.

**Why the Silver Content of the Coinage Must Be Reduced at This Session**

These recommendations for revision of our silver coinage rest upon extensive study of the silver situation, and of alternatives to our present coinage, by both governmental and private specialists. The Treasury Department's comprehensive report, known as the Treas-
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Mulr Staff Silver and Coinage Study, is being released today as background to my recommendations. Its principal finding was that the supply of silver in the free world has become progressively incompatible with the maintenance of silver in all our subsidiary coins.

On the average, in the 5 years from 1949 through 1953, new silver production in the free world amounted to about 175 million troy ounces per year, while consumption amounted to more than 235 million ounces. There was an average deficit in those 5 postwar years of more than 60 million ounces of silver per year.

In the latest completed 5 years, 1960 through 1964, free world consumption of silver has averaged 410 million ounces annually, but new production has averaged a little less than 210 million ounces a year. The result has been an average annual deficit of about 200 million ounces. That is three times the average annual deficit in the 5 years from 1949 through 1953.

If no silver at all had been used for coinage there would have been a deficit in new production in free world silver during the last 5 years averaging over 40 million troy ounces, or some 1,370 tons, a year. The gap between the production of silver and silver consumption is continuing to increase. In 1964 the silver production deficit swelled to over 300 million ounces—half again the 1963 figure. And in 1964, the use of silver in coinage, and the use of silver for the arts and industry of the free world were each—taken separately—greater than new production.

There is no dependable or likely prospect that new, economically workable sources of silver may be found that could appreciably narrow the gap between silver supply and demand. The optimistic outlook is for an increase in production of about 20 percent over the next 4 years. This would be of little help. Further, because silver is produced chiefly as a byproduct of the mining of copper, lead, and zinc, even a very large increase in the price of silver would not stimulate silver production sufficiently to change the outlook.

Short of controls that are undesirable in a peacetime free society, there is no way to diminish the bounding growth of private demand for silver for use in jewelry, silverware, photographic film, and industrial processes. The one part of the demand for silver that can be reduced is governmental demand for use in coinage.

Most free world countries no longer use silver in their coins. A few—as we now propose—continue to make limited use of it. It is true that U.S. coinage does not currently depend upon new silver production, because for many years we have supplied silver for our coinage out of large Treasury stocks, which still amount to 1 billion troy ounces.

But—and this is the crux of the matter—at the present pace, this stock cannot last even as much as 3 years. We would then be shorn of our ability to maintain the coinage, and, if there were no alternative to our present silver coinage, the Nation would be faced with a chronic coin shortage. That is why definitive action is necessary at this session of the Congress.

PROTECTION OF THE COINAGE

It is necessary for the U.S. Government to have large stocks of silver in addition to the quantity needed for coinage.
We need these stocks because our silver coins in circulation must be protected from hoarding or destruction. Protection of the silver coinage will continue to be a necessity since we plan for it to continue to circulate alongside the new coins. Our silver coins are protected by the fact that the Government stands ready to sell silver bullion from its stocks at $1.29 a troy ounce. This keeps the price of silver, as a commodity, from rising above the face value of our coins. This, in turn, makes hoarding or melting of the silver coinage unprofitable.

It is in addition protection for the existing coinage that I am requesting standby authority to institute controls over the melting, treating, or export of U.S. coins.

It may be asked why we seek standby control authority since we retain a large stock of silver with which to protect our silver coins through operations in the silver market.

The answer is clear. Given the magnitudes by which demand for silver is outrunning new production, we must consider the possibility, however unlikely, that the silver stock we possess could itself require the support and protection that would be afforded by authority to forbid melting and export of our coins.

We believe our present stocks of silver to be adequate, once the large present drains from coinage are greatly reduced, to meet any foreseeable requirements for an indefinite period. However, prompt action on a new coinage will help us protect the silver coinage by freeing our silver reserves for redemption of silver certificates at $1.29 per ounce. Thus, we can assure that no incentive will be created for hoarding our present coins in anticipation of a higher price for their silver content.

There is the opposite, although in all likelihood short-run, possibility that a fall in the price of silver might result from the enactment of this legislation largely removing silver from our subsidiary coin. It is for the purpose of protecting silver producers from a precipitate drop in the price of silver resulting from the action of the Government that I am requesting authority for the Secretary of the Treasury to purchase any newly mined domestic silver offered to him, at the price of $1.25 per troy ounce.

**The San Francisco Assay Office**

Coinage operations at the San Francisco Mint were ended in 1955. Legislation converting the mint to the San Francisco Assay Office was passed in 1962. As part of our efforts to overcome the coin shortage of the past year, coin blanks have been cut and annealed at the San Francisco Assay Office. Present law forbids full minting there. However, we will temporarily need the facilities of this plant to move into large quantity production of the new coinage and to continue production of existing coins until enough new small money is made to make certain we have adequate supplies. Consequently, I am asking for authority to reactivate minting operations at San Francisco on a temporary basis.

A new, fully modern mint is to be built in Philadelphia. However, it cannot be completed and in operation before late 1967. It is our expectation that when the new Philadelphia Mint’s capacity is added to that of the Denver Mint, our coinage requirements can be met efficiently and economically. Consequently, no more than temporary authority to mint coins in San Francisco is recommended in the draft legislation I am sending to you.
WHY COMPOSITE COINS ARE RECOMMENDED

We have no choice but to eliminate silver, for the most part, from our subsidiary coinage. The question was: What would be the best alternative? After very thorough consideration of all aspects of this highly complex problem, we have settled upon the two types of composite, or clad, coins I have already described. These are 10-cent and 25-cent pieces with cupronickel alloy faces bonded to a solid copper core, and a new half dollar with outer and inner layers of differing silver-copper alloys.

This type of coin was found to be necessary if the new coinage is to be compatible with the existing silver coinage in all the 12 million coin-operated devices in use in the United States.

The convenience of using coins in automatic merchandising and service devices is a fact that, like the coins in our pockets and in our store tills, we take for granted. But if our coinage were suddenly to be such that it would not work in coin-operated devices, the public would be subjected to very great inconvenience and serious losses would occur to business with harmful effects upon employment.

The automatic merchandising industry is a large and growing part of our national economy. Last year, $3 ½ billion worth of consumer items were sold through 3 ½ million of these machines. On more than 30 billion separate occasions a consumer made a purchase by putting a coin in a machine. In growing numbers, factories, hospitals, and other places now depend upon automatic vending for the service of goods. A million and a half people now rely upon coin-controlled vending for at least one meal a day. The use of coin-operated devices is expanding rapidly, not only in merchandise vending, but also in a number of other services.

Six million of our coin-operated devices, including nearly all vending machines, have selectors set to reject coins or imitations of coins that do not have the electrical properties of our existing silver money. Highly selective rejectors are a necessity in these machines if they are to be a low-cost source of food and other goods and services. Otherwise, fraudulent use would soon make them costly.

The sensors in these machines are set to accept or reject coins on the basis of the electrical properties of our traditional coins, which have a high proportion of silver. To be compatible in operation with our existing coinage, therefore, our new coins must duplicate the electrical properties of a coin that is 90-percent silver. No single acceptable metal or alloy does so. The composite coins, made of layers of differing metals and alloys, that I am asking the Congress to approve, are coins made to order to duplicate the electrical properties of coins with a high silver content. They are the only practical alternatives we have discovered to our present coinage.

Selectors exist that can handle coins with the widely varying electrical properties of, say, nearly pure silver and nearly pure nickel. But that is not enough. When the selectors are set to accept coins with greatly differing electrical properties, the selectivity of the mechanism declines and they will accept wrong coins and imitations. Unless the coins in use have very similar electrical properties, the coin-operated machines become subject to a high degree of fraudulent use. This would be costly to all concerned.

The future may bring selectors of a different kind able to accept coins of widely varying electrical properties while at the same time
rejecting imitations and wrong coins. They are not available now. When and if they become available, our new coinage will work in
them. On the other hand, if we now chose an incompatible coinage,
there would be delays and interruptions lasting a year to 3 years in
the services of these machines. This would impose heavy in conveniences upon the public and would cause business and employment
losses in a large and growing industry.

In view of these considerations of public interest, we have concluded
that our new coinage must without fail be able to carry out the
technical merchandising functions of a modern coinage, working
alongside our existing silver coinage. The new coins that I am recom pending to you do this, and do it well, because they were specifically
designed for the task.

The new half dollar was designed with the strong desire in mind of
many Americans to retain some silver in our everyday coinage. We
believe that by eliminating silver from use in the dime and the quarter,
we will have enough silver to carry out market operations in protection
of our existing silver coinage—and to make a half dollar of 40 percent
silver content. It is clear and unmistakable that we would not have
enough silver to extend this to the dime and quarter: they are heavily
used, indispensable coins that we must have at all times in large
quantity. We are convinced that we can include a 40-percent silver
half dollar in the new coinage, but we cannot safely go beyond that.
As a precaution, we intend to concentrate at first on getting out large
quantities of the new quarter and dime before we embark upon
quantity production of the new half dollar.

The Joint Commission on the Coinage

We believe the recommendations being made for a new coinage are
sound and durable and in the best public interest. However, the
installation of a new coinage is a matter so intimately affecting the life
of every citizen, and so delicately related to the Nation's commerce,
that it is impossible to be certain in advance that all problems have
been foreseen, even by such a long and arduous process of research as
has gone into the selection of the proposed new coins.

Consequently, I am including among my recommendations the
proposal for a Joint Commission on the Coinage. It will be composed
of the four officers of the executive branch most directly concerned
with matters affected by the coinage—the Secretary of the Treasury,
the Secretary of Commerce, the Director of the Budget Bureau and
the Director of the Mint; of four members representing the public
interest, to be appointed by the President; of the chairmen and ranking
members of the Banking and Currency Committees of the House and
the Senate; of one Member each from the two Houses of the Congress,
to be appointed by the Vice President and the Speaker of the House.
The Commission will be appointed soon after the new coinage is
issued. It will study such matters as new technological developments,
the supply of various metals, and the future of the silver dollar. It
will report as to the time and circumstances in which the Government
should cease to maintain the price of silver. It will be directed to
advise the President, the Congress, and the Secretary of the Treasury
on the results of its studies.
THE COINAGE—CURRENT AND PROSPECTIVE

I am pleased to report to the Congress substantial progress toward overcoming the coin shortage the Nation has been experiencing. Greatly increased minting has eliminated the shortage of pennies and nickels. We are still somewhat on the short side of the demand for dimes and quarters, but this deficit is rapidly being overtaken. A severe shortage of the half dollar continues, due to the popularity of the new 50-cent pieces bearing the image of President Kennedy.

I want to emphasize that we will continue to make the existing coins while the new ones come into full production, and that we contemplate side-by-side circulation of the old and new coins for the indefinite future. There is no reason for hoarding the silver coinage we now use, because there is no reason for it to disappear.

We are gearing up for maximum production of the new coins as soon as they are authorized by the Congress. Supply of the materials for them is assured, Both copper and nickel are economical and available in North America. Their usage in coins will not add enough to overall employment of these metals to create supply or price problems.

In the first year after new coins are authorized, we expect to make 3½ billion pieces of the new subsidiary coins. That is a billion and a half more pieces than will be made of the corresponding silver coins in the current fiscal year.

In the second year after authorization of the new coinage, we expect to be able to double the first year's output of the new coins, reaching a production total of 7 billion pieces.

We expect in this way to avoid any new coin shortage in the transition to production of the new coins, and within a period of less than 3 years to reach a point at which we could, if necessary, meet total coinage needs out of production of the new coins.

I am satisfied that, taking into account all of the various factors involved in this complex problem, the recommendations that I am making to you are sound and right. Your early and favorable action upon the proposed legislation will make it possible to produce and issue to the public a coinage that will be acceptable, provide the maximum convenience, and serve all the purposes—financial and technical—of modern commerce. In considering this problem the needs of the economy and the convenience of the public have been placed ahead of all other considerations. They are the factors that have resulted in my recommendations to the Congress. I urge their approval at the earliest possible date.

LYNDON B. JOHNSON.


A BILL To provide for the coinage of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Coinage Act of 1965."

TITLE I

SECTION 1. (a) The Secretary of the Treasury is authorized to cause to be minted and issued the following coins:

(1) A half dollar or fifty-cent piece which shall be composed of an alloy of 800 parts of silver and 200 parts of copper per each one thousand parts by weight clad on a core of a silver-copper alloy of such fineness that the

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composition of each coin shall be 400 parts of silver and 600 parts of copper out of each 1000 parts by weight.  

(2) A quarter dollar or twenty-five-cent piece and a dime or ten-cent piece each shall be composed of an alloy of 75 percent of copper and 25 percent of nickel clad on a core of pure copper.  

(b) The cladding alloy used for the outside layers of such coins shall comprise not less than thirty percent of the weight of each coin.  Such coins shall be of the same diameter, respectively, as the coins of the United States of corresponding denominations current at the time of enactment of this Act.  

(c) The weight of the half dollar provided for herein shall be 11.50 grams, of the quarter dollar 5.67 grams and of the dime 2.268 grams.  

SEC. 2. Subject to the requirements of section 1, the methods of manufacture of the coins therein provided, the wastage allowances, and the allowable deviations in the metallic percentages and weights, shall be as determined by the Secretary of the Treasury.  Such coins shall be subject to the laws pertaining to the designs and inscriptions on coins of the United States.  

SEC. 3. All coins minted pursuant to the provisions of this Act shall be legal tender for all debts, public and private, public charges, taxes, duties and dues.  

SEC. 4. Nothing herein contained shall be deemed to prohibit the continued minting of coins of the United States authorized by law at the time of enactment of this Act.  

SEC. 5. Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the coinage of the United States, he is authorized under such rules and regulations as he may prescribe to prohibit the exportation, melting or treating of coins of the United States.  

SEC. 6. The Secretary of the Treasury is authorized to sell on such terms and conditions as he may deem appropriate, at not less than the monetary value thereof, any silver of the United States in excess of that required to be held as reserves against silver certificates.  

SEC. 7. The Secretary of the Treasury is authorized and directed to purchase at the price of $1.25 per fine troy ounce silver mined after the date of enactment of this Act from natural deposits in the United States or any place subject to the jurisdiction thereof and tendered to a United States mint or assay office within one year after the month in which the ore from which it is derived was mined.  The bullion fund provided by section 3526 of the Revised Statutes, as amended (31 U.S.C. 335), may be used for such purchases.  

SEC. 8. In order to expedite acquisition of essential equipment, patents, patent rights, technical knowledge and assistance, metallic strip and other materials necessary to assure the prompt and continued availability of materials required to produce an adequate supply of the coins provided for herein, the Secretary of the Treasury, during such period as he may deem necessary, is authorized, without regard to the provisions of section 3528 of the Revised Statutes, as amended (31 U.S.C. 340), or any other law, to enter into contracts upon such terms and conditions as he may deem appropriate and in the public interest, for the acquisition or transportation of such equipment, patents, patent rights, technical knowledge and assistance, metallic strip, or other materials.  

SEC. 9. (a) The Act of September 3, 1964, Public Law 88-580, is amended to read as follows:  

"Notwithstanding section 3517 of the Revised Statutes (31 U.S.C. 324), all coins minted from the date of enactment of this Act shall be inscribed with the year of the coinage or issuance unless in the judgment of the Secretary of the Treasury such inscription is likely to contribute to a shortage of coins, in which case the particular coins involved may be inscribed with the last preceding year whose date has been inscribed on coins of the same denominations."  

(b) Section 3550 of the Revised Statutes (31 U.S.C. 366) is repealed.  

SEC. 10. The first sentence of section 3558 of the Revised Statutes, as amended (31 U.S.C. 283), is amended to read as follows:  

"The business of the United States assay office in San Francisco shall be in all respects similar to that of the assay office of New York except that until such time as the Secretary of the Treasury determines that the mints of the United States are adequate for the production of ample supplies of coins, its facilities may be used for the production of any coins of the United States authorized by law."  

SEC. 11. Section 4 of the Act of August 20, 1963 (31 U.S.C. 294), is amended by striking out "$30,000,000" and inserting in lieu thereof "$45,000,000".  

SEC. 12. Section 3 of the Act of December 18, 1942 (31 U.S.C. 317.c), is amended by striking out "minor" each place it appears in such section.  Section 9 of the Act of March 14, 1900 (31 U.S.C. 320), is hereby repealed.
SILVER COINAGE

SEC. 13. Section 3528 of the Revised Statutes, as amended (31 U.S.C. 340), is amended (1) by striking out "this Act," in the first sentence and inserting in lieu thereof "law,"; (2) by striking out "minor" each place it appears in such section; and (3) by striking out "$3,000,000" and inserting in lieu thereof $30,000,000'.

SEC. 14. Section 485 of the Act of June 25, 1948 (18 U.S.C. 485), is amended by striking out "the gold or silver coins", and inserting in lieu thereof "gold, silver, silver-clad, or cupronickel-clad coins".

SEC. 15. The Secretary of the Treasury is authorized to issue such regulations as he may deem necessary to carry out the provisions of this Act.

SEC. 16. Whoever knowingly violates any of the provisions of section 5 hereof or of any order, rule, regulation, or license issued pursuant thereto shall, upon conviction, be fined not more than $10,000 or imprisoned not more than five years, or both. In addition, there shall be forfeited to the United States any coins exported, melted, or treated in violation of this Act of any order, rule, regulation or license issued hereunder, or any metal resulting from such melting or treating of coins. Such coins or metal may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure or condemnation of property imported into the United States contrary to law.

TITLE II

SEC. 1. The President is hereby authorized to establish a Joint Commission on the Coinage to be composed of the Secretary of the Treasury as Chairman; the Secretary of Commerce; the Director of the Bureau of the Budget; the Director of the Mint; the chairman and ranking minority member of the Senate Banking and Currency Committee; the chairman and ranking minority member of the House Banking and Currency Committee; one Member of the House of Representatives to be appointed by the Speaker; one Member of the Senate to be appointed by the President of the Senate; and four public members to be appointed by the President, none of whom shall be associated or identified with or representative of any industry, group, business or association directly interested as such in the composition, characteristics, or production of the coinage of the United States.

SEC. 2. No public official or Member of Congress serving as a member of the Joint Commission shall continue to serve as such after he has ceased to hold the office by virtue of which he became a member of the Joint Commission. Any vacancy on the Joint Commission shall be filled by the choosing of a successor member in the same manner as his predecessor.

SEC. 3. The Joint Commission shall study the progress made in the implementation of the coinage program established by this Act, and shall review from time to time such matters as the needs of the economy for coins, the standards for the coinage, technological developments in metallurgy and coin-selector devices, the availability of various metals, renewed minting of the silver dollar, the time when and circumstances under which the United States should cease to maintain the price of silver, and other considerations relevant to the maintenance of an adequate and stable coinage system. It shall, from time to time, give its advice and recommendations with respect to these matters to the President, the Secretary of the Treasury, and the Congress.

SEC. 4. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the purposes of this title.

SECTION-BY-SECTION ANALYSIS OF THE BILL

Title I

Section I authorizes the minting and issuance of a new series of coins in denominations of 10, 25, and 50 cents which will be manufactured from composite metals containing three layers. In the case of the 50-cent piece, the outside or cladding layers would be composed of an alloy of 80 percent silver and 20 percent copper and the core of a silver-copper alloy of such fineness that the overall composition of each coin would be 40 percent silver and 60 percent copper. The 10- and 25-cent coins would consist of cupronickel (75 percent copper, 25 percent nickel) clad on a core of pure copper. Section 1 also prescribes the proportionate amounts of core and cladding alloys in the coins, the weight of each coin and that such coins are to be of the same diameter as the current coins of the United States of corresponding denominations.
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Section 2 authorizes the Secretary of the Treasury to determine the methods of manufacture of the new coins, the wastage allowances, and the allowable deviations in the metallic percentages and weights. It provides also that such coins shall be subject to existing laws pertaining to the designs and inscriptions on U.S. coins.

Section 3 provides that the coins shall be legal tender. While existing statutes governing legal tender are broad enough to cover the new coins, an express provision in the new bill is deemed desirable to eliminate any possible doubt.

Section 4 provides continuing authority for the coinage of coins authorized by provisions of existing law. This will enable the continued production of present coinage to the extent necessary to assure the production of ample supplies of coinage during the period of transition to the new coinage.

Section 5 gives standby authority to the Secretary of the Treasury to prohibit the exportation, melting, or treating of U.S. coins when necessary to protect the coinage.

Section 6 provides for sales by the Treasury of silver in excess of that required to be held against silver certificates at prices not less than the monetary value. This will clarify the authority of the Treasury to make sales of such excess silver under appropriate conditions.

Section 7 authorizes the purchase of newly mined domestic silver by the Treasury at the price of $1.25 per fine troy ounce. This will protect silver-producing industries against any precipitate drop in the price of their product which might result from the change in U.S. coinage alloy. Silver purchased under this provision can be used in coinage at values not less than $1.29 plus per fine troy ounce. Section 7 also authorizes the use of the bullion fund for the purchase of silver.

Section 8 authorizes the Secretary, for as long as he deems it necessary, to procure, on terms deemed appropriate and in the public interest, any materials, technical knowledge and assistance, equipment, patents, transportation services, etc., necessary to assure prompt and continued availability of materials required for the new coinage without regard to any laws requiring advertising and competitive bidding or imposing other restrictions on the negotiation of contracts for the purchase of property by the Government.

Section 9 directs that coins minted after enactment of this act shall bear the year of the coinage or issuance unless the Secretary of the Treasury determines that this is not necessary to avoid a coin shortage. In this event, the particular coins involved may be inscribed with the last preceding year whose date appeared on coins of these denominations. This section would also repeal an obsolete provision of law requiring that the obverse working dies at each mint be destroyed at the end of each year.

Section 10 authorizes use of the San Francisco Assay Office for coinage on a temporary basis until such time as the Secretary of the Treasury determines that the facilities at the mints are adequate for the production of ample supplies of coins. It is anticipated that during the period of transition to the new coinage the mints' production load will be particularly heavy and additional facilities will be needed. Use of the San Francisco Assay Office is the most expeditious way of providing these. Section 10 also authorizes permanent use of the San Francisco Assay Office for refining gold and silver bullion. This will also contribute to the efficiency of operations at the mints and assay offices.

Section 11 increases the maximum amount authorized to be appropriated for the construction of the new mint at Philadelphia from $30 million to $45 million. Additional funds will be necessary to provide equipment and facilities for the new coinage.

Section 12 will authorize and provide financing for the melting of any worn and uncurreent U.S. coins, including the new cupronickel-clad and silver-clad coins, received in the Treasury and the sale or recoinage of the resulting metals. The section also repeals an act which requires recoinage of all worn and uncurreent subsidiary silver coins received in the Treasury.

Section 13 authorizes use of the minor-coinage metal fund and the minor-coinage profit fund (to be renamed the coinage-metal fund and the coinage-profit fund) for the purchase of metals for the coins provided for in the act and for certain expenses incurred in such coinage, namely, the wastage and cost of distribution of the coins. It also raises the amount available in the coinage-metal fund from $3 million to $30 million. This increase in amount is necessary because after enactment of the bill this fund will be used for the purchase of metals used in coinage of all denominations whereas at the present time it is used only for metals for 1- and 5-cent coins.
Section 14 amends one of the counterfeiting laws so as to make it applicable to the new cupronickel and silver-clad coins on the same terms and conditions as it is now applicable to the subsidiary silver coins. It is not necessary to amend any of the other counterfeiting laws since these will be applicable by their terms to the new coins.

Section 15 is a general provision authorizing the Secretary of the Treasury to issue regulations that may be necessary to carry out the provisions of the act.

Section 16 provides penalties for violations of any regulations issued under section 5 of the act, prohibiting the export, melting, or treating of U.S. coins. The penalties would be forfeiture and imprisonment up to 5 years or a fine up to $10,000, or both.

**Title II**

Section 1 provides for the establishment of a Joint Commission on the Coinage, composed of four executive officials, six Members of Congress, and four public members to be appointed by the President. The public members shall not be representatives of any group having a direct interest in coinage.

Section 2 provides that the executive and congressional members shall cease to serve on the Joint Commission after leaving their public office, and provides for the filling of vacancies on the Commission.

Section 3 provides that the Joint Commission shall study the progress made in the implementation of the coinage program established by the act. It shall review and give its advice and recommendations from time to time to the Congress, President, and the Secretary of the Treasury on such matters as the needs of the economy for coins, the standards for the coinage, technological development in metallurgy, the availability of various metals, renewed minting of the silver dollar, the time when and circumstances under which the United States should cease to maintain the price of silver, and other considerations relevant to the maintenance of an adequate and stable coinage system.

Section 4 authorizes the appropriation of such amounts as may be necessary for the expense of the Joint Commission.
COINAGE OF SILVER DOLLARS

Mr. MANSFIELD. Mr. President, I yield myself 3 minutes to discuss another matter.

The VICE PRESIDENT. The Senator from Montana is recognized for 3 minutes.

Mr. MANSFIELD. Mr. President, along with other western Senators, I have repeatedly urged on the floor of the Senate that the silver dollar be preserved as a coin of traditional usage in Montana and in other States. Our sole object in advocating the minting of additional cartwheels has been to keep the coin alive and circulating, at least in our States. Just recently the President announced that he would honor the commitment which the Treasury Department had made to the Congress and order the minting of 45 million silver dollars. I was more than pleased along with other western Senators. That is, we were pleased until it was revealed shortly after his announcement that some dealers in coins were already offering $28 each for any of the 45 million cartwheels ordered last week to be minted by President Johnson. This revelation was carried in the Wall Street Journal of May 24, 1965.

I noted further in a news story in the Denver Post of last week:

One Treasury official said he had seen the still unaunched dollars advertised for sale at $7.50 apiece. A Washington, D.C., coin dealer said one promoter was guaranteeing delivery of bags of 1,000 new silver dollars for $2,500 a bag.

I also noted, according to the American Metal Market of May 18, 1965:

Some dealers have given a tentative value of $5 to the new 1964-dated cartwheels.

I have since seen advertisements in magazines and newspapers to the effect that orders were being accepted for silver dollars, now, at $28 per roll in two-bag lots. I have seen figures quoting $2.25 apiece for new silver dollars.

This information has disturbed me deeply since my sole purpose in advocating an additional minting of silver dollars was to serve the needs and traditions of the people of my State. It is never easy to march up the hill and down again. But it is now apparent that a minting of silver dollars in their present form and at this time will not serve the people of Montana. It is, therefore, with deep regret that I must recognize on the basis of information which has reached me relative to prices already being bid for the new silver dollars that to persist in a new coining at this time will serve only to enrich a few speculators and hoarders without, in any way, promoting what we seek: that is, the free and useful circulation of the cartwheel.

Beyond hoarding, the difficulty arises in part, from the increasing value of silver itself. Further, the Treasury Department advises that only 5 million cartwheels can be minted at Denver before the end of the present fiscal year when the congressional authority to mint is due to expire. And if only 5 million in new dollars were released this year, the speculator’s price would rise to a scandalous $15 or $25 or more for each coin. Certainly there would be no free circulation of silver dollars in my State or in other States like mine.

I want to say that I appreciate the attitude of the President and the Treasury Department, as expressed in their willingness to go ahead on the basis of the congressional authority. The Department has been completely frank with the interested western Senators. Treasury officials, however, have now laid the facts on the line as to what will happen if this mintage occurs. In the circumstances and after consultation with Treasury officials yesterday around noon, a consultation attended by my distinguished colleagues Senators McCURRY, BIBLE, and CANNON, I feel that the only honest course is to suspend the action of the Treasury Department in stopping the minting of silver dollars at this time and we so informed them.

This does not end, however, the effort to restore the cartwheel to actual circulation and usage. That effort to preserve a useful coin and a worthy tradition will continue.

It is clear that the problem which confronts us now with respect to the silver dollar is a conspicuous part of the problem involving all silver coins. Sooner or later a basic change is going to have to come in the content of all money containing this metal. I have been assured by Treasury officials that, in this context, the dollar piece—which is just as valid as a medium of exchange as a half dollar, a quarter or a dime—will not be overlooked. I fully expect, therefore, that at a more appropriate time, the minting of cartwheels with a drastically reduced silver content and in sufficient supply will be undertaken to insure the circulation of this coin. As I have said many times, it is the symbol which is important, not the amount of silver contained in the coin.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. MANSFIELD. I yield myself 1 additional minute.

The VICE PRESIDENT. The Senator from Montana is recognized for 1 additional minute.

Mr. MANSFIELD. For the present, however, because of the clear evidence of widespread speculation even before the silver dollars are minted and because of my strong belief that none of these dollars if they were minted now would ever go into circulation in the State of Montana and any other State, I feel that there is no alternative but to withdraw my support for the minting of silver dollars at this time. In the context of a general revision of all silver coins, however, I shall continue to work for the retention of the cartwheel.