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PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, SECOND SESSION

Vol. 110

WASHINGTON, WEDNESDAY, APRIL 1, 1964

No. 60

Senate

WEDNESDAY, APRIL 1, 1964

(Legislative day of Monday, March 30, 1964)

THE GREAT SILVER RUSH

Mr. MANSFIELD. Mr. President, with the indulgence of the Senate, I ask unanimous consent that I may proceed for an additional 2 minutes.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from Montana is recognized for 5 minutes.

Mr. MANSFIELD. Mr. President, the great run on the "cartwheel" has continued until the silver dollar has now all but vanished. The Treasury Department has joined the coin collectors and is clinging to a few million remaining pieces. But insofar as silver as a medium of exchange is concerned, the Treasury is now thrown back to the days of the assay offices of the old West. It is reduced to substituting silver dust for silver dollars.

And another sign of what has happened is a press report of another case of silver-dollar pilferage, this time right here in Washington, D.C. There is likely to be more of the same as scarcity gives to these coins an ever-increasing value.

Mr. President, I cannot believe that the Congress will stand by passively much longer and watch this travesty continue. Montana citizens from every walk of life have written me, urging that we save the cartwheel. That can be done only by appropriating the funds necessary to mint 50 million additional silver dollars. Six hundred and seventy-five thousand dollars is what is involved in the appropriation. It seems to me to be a very small cost for the rescue of what is not only a major American tradition, but also a major American preference insofar as Montana and other Western States are concerned. I might point out, further, that this cost is more apparent than real. The law commits the Government to redeem silver certificates on demand. Consider the labor and other costs involved in weighing out 77 grams of silver bullion and placing it in an envelope every time a holder of a silver certificate walks into the Treasury. That is what the Treasury will have to continue to do under exist-

ing law unless it has the funds to mint new silver dollars. There is such a thing as being paper wise and metal foolish. In the end, the denial of funds to mint the silver dollars may mean that the Government will pay far more in labor and other costs as it strives to meet its obligations by measuring out raw silver. If silver bullion is to replace the silver dollar, we may have to appropriate extra funds to pay for the process of weighing and enveloping the bullion. Further, in the light of the bill introduced by my distinguished colleague, the junior Senator from Montana [Mr. METCALF], the Government may be losing out on an opportunity to reap a seigniorage from a new minting of silver dollars which might more than repay the cost of the operation. Senator METCALF's bill would authorize the reduction of the silver content in the silver dollar from 900 to 800 grams. I do not know whether this is the precise reduction that is needed to keep these coins in circulation; I am sure that the members of the Banking and Currency Committee will be able to make that determination especially in view of the fact that today the hearings on the Metcalf bill were started, the witnesses being the distinguished Senators from Nevada [Mr. BIBLE and Mr. CANNON].

Senator METCALF's bill points the way to overcoming the primary objection that has been raised against the appropriation of funds to mint the 50 million new cartwheels. And, enacted into law, it would have the effect of diminishing the hoarding of silver dollars—one of the principal reasons why free circulation of silver dollars is imperiled today. Indeed, the great run on the Treasury's supply did not begin in earnest until there were reports that no more silver dollars would be minted.

Mr. President, I urge the Senate not to fiddle while the silver dollar melts—while the symbol of hard money, of poor man's money, disappears from our midst. We ought not to dismiss the cause of the silver dollar as unimportant. This is not a tempest in a teapot. There is a deep resentment and an understandable reaction of public dismay at the immi-

nent passing of a coin which for more than a century has existed and continues to exist in our midst as a reminder of the past and as a functional and preferred medium of exchange even today. If we fail to act, Mr. President, we do so at the expense of the small merchant in the West, and to the chagrin of decent, hardworking and honest folk who prefer the cartwheel both as money and as distinctive tradition.

They like the feel of heft in their pockets. To them, the jingle of silver dollars is the sound that signifies liquidity. It is the echo of cash on the barrelhead. They prize it, Mr. President, as the New Yorker might prize the Empire State Building; as the Californian, the Hawaiian or the Floridian, might prize year-round sunshine; as the southerner, black-eye peas; as a New Englander, a lobster and baked beans; and as a Texan, a 10-gallon hat.

I would hope, Mr. President, and I am sure that the distinguished chairman of the Banking and Currency Committee [Mr. ROBERTSON] will see to it, that the Senate will have an opportunity to consider, at the earliest possible time, the bill sponsored by Senators METCALF, BIBLE, BARTLETT, CANNON, CHURCH and myself, to reduce the silver content of the silver dollar. And I would hope, Mr. President, that the Committee on Appropriations of the House of Representatives will vote to allow the Treasury sufficient funds to mint a new and adequate supply of silver dollars. We do not want the cartwheel to go the way of the dodo bird.



Congressional Record

PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, SECOND SESSION

Vol. 110

WASHINGTON, SATURDAY, MARCH 21, 1964

No. 53

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, March 23, 1964, at 12 o'clock noon.

Senate

SATURDAY, MARCH 21, 1964

(Legislative day of Monday, March 9, 1964)

The Senate met at 11 o'clock a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore [Mr. METCALF].

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God: This sacred altar at which we bow at the very threshold of the day's deliberations is the witness of our weakness and the contrite confession that in Thee alone is the answer to our needs.

Our hearts grow faint in the dust of our foolish pride. The arm of flesh but fails us. It reaches far short of worthy goals. The cries of the crowd about us but bring us to confusion without and perplexity within.

Wearied of fruitless quests and futile arguments that have not Thee in awe, we turn to Thee in the humility of prayer. Give us vision and wisdom, that by the decisions made in this Chamber Thy servants in the ministry of public affairs may have a part in making earth's crooked ways straight when, at last, social and industrial relations will lose their hard antagonisms and will become the sacred cooperation of comrades in human service.

In the Name which is above every name, we lift our prayer. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 20, 1964, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a

nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting the nomination of Dorothy H. Jacobson, of Minnesota, to be an Assistant Secretary of Agriculture, which was referred to the Committee on Agriculture and Forestry.

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be the usual morning hour, with statements therein limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, breaking precedent, I ask unanimous consent that I may proceed for an additional 3 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized for 6 minutes.

THE SILVER DOLLAR—VANISHING AMERICANA

Mr. MANSFIELD. Mr. President, as a former Member of the House, I have the highest regard for its Members and its outstanding committees. Among them, none is held in higher esteem than the Appropriations Committee and its

great chairman, CLARENCE CANNON, and the distinguished Virginian, the chairman of the Subcommittee on the Treasury, Mr. GARY.

I know that they and their colleagues have a profound respect for the living symbols of the Nation's traditions. I know, for example, that they have shared the national concern with the threatened extinction of the whooping crane and the bald eagle. They have done their part through appropriations to preserve these birds of America, as others in the past made the successful effort to save the vanishing buffalo. They have played their part in the preservation of the vanishing wilderness areas which link us with a pristine America.

I cannot believe that these distinguished House Members will look with a cold indifference on the vanishing silver dollar. Yet I am at a loss to place any other interpretation on the United Press International report of yesterday that the Appropriations Committee of the House had turned down a request of the Treasury Department for \$650,000 to cover the cost of minting \$50 million in these coins.

The silver dollar is, in its own way, as much a symbol of the frontier and of the populist tradition of the Nation as the buffalo was of the vast serenity of the empty plains. The silver dollar, moreover, is far more than a sentimentality. And it is more than an historic tradition. It is still a means of exchange in current usage and, may I say, in preferred usage in the State of Montana and, to some extent, throughout the rest of the West.

To be sure, there are arguments against the continued coinage of silver dollars. Coin collectors, for example,

tend to hoard them. But I can only say that the committee's announced intention of stopping additional minting will only exacerbate this drain, to the detriment of the people who use them and to the profit of those who hoard them. It will, in short, hasten the day when the "cartwheel" vanishes from American life.

I know, too, Mr. President, that it is the committee's belief that the raw silver stocks already in the possession of the Government might best be used for silver coins of smaller denomination, for the dime or the "two bits" or the "four bits," for which there is no paper substitute as there is for the silver dollar. But, Mr. President, that seems to me, with all due respect, to be a somewhat specious line of reasoning. One might just as readily argue that since the Government has enormous stocks of paper, it ought to use some to print 10-cent or 25-cent or 50-cent paper bills.

Finally, Mr. President, I am aware that the continuously rising price of raw silver has just about reduced the seigniorage in silver dollar coinage to the vanishing point. It may, indeed, soon become profitable to melt the silver dollars down into bullion, with the result that as soon as new coins are minted, they will disappear, to emerge again as silver bowls or candlesticks. But, Mr. President, there is an answer to that. It is provided in the bill introduced yesterday by my able and distinguished colleague from Montana [Mr. METCALF], a bill now at the desk, and available for additional Senate sponsors until April 2. His bill is directly to the point, and I wish to commend him for the commonsense with which he would meet the argument against further coinage of the dollar pieces. His bill would simply authorize the reduction of the silver content in the silver dollar from 900 to 800 grams. This would in no way reduce the legitimate usage of the coin where its usage is preferred. At the same time it would meet the most persuasive argument now raised against additional mintage of silver dollars.

I would express the hope that the distinguished chairman of the Banking and Currency Committee, the Senator from Virginia [Mr. ROBERTSON], would give prompt consideration to this bill, as I know he will. At the same time, it would be my hope that the House Appropriations Committee, bearing in mind the possibility of favorable action on the Metcalf bill, would reconsider a position which, if it stands, will sound the death knell for the silver dollar. I know that neither the able chairman of the committee, Mr. CANNON, nor the able chairman of the Subcommittee on the Treasury, Mr. GARY, take joy in doing violence either to a great tradition or to the current usage of many Americans in Montana and elsewhere in the West. The bill of the Senator from Montana [Mr. METCALF] points the way to the avoidance of an arbitrary injustice. At the same time, it should answer the concern for cost to the Government which is always and properly uppermost in the minds of the members of the Appropria-

tions Committee in the House, for the reappearance of a margin of seigniorage with the reduction of the silver content of the silver dollar may well defray most of the cost of the minting. Indeed it may even leave a margin of profit to the Government.

Mr. President, I hope the silver dollar does not follow the gold piece into oblivion.

Mr. BARTLETT. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. BARTLETT. I desire to associate myself with everything the able and distinguished majority leader has said today and heretofore on this subject. I believe it important that the silver dollar be maintained in circulation.

Reference was made previously to its use in Nevada and Montana. It is still widely and commonly in use in my own State of Alaska, and I am sure Alaskans would not want to see it disappear. It is a part of the American scene.

I had not known previously of the bill introduced by the junior Senator from Montana [Mr. METCALF]; but it is my intention to proceed directly, at the conclusion of my remarks, from where I now stand to the desk, to join in sponsoring the bill.

We should keep the silver dollar in circulation; it is a part of America.

I congratulate and commend the senior Senator from Montana for supporting this good cause.

Mr. MANSFIELD. As a former miner, the distinguished Senator from Alaska knows whereof he speaks; and we welcome his support.

Mr. ROBERTSON. Mr. President, yesterday our distinguished majority leader, the Senator from Montana [Mr. MANSFIELD], complained of the shortage of silver dollars in Montana and in other Rocky Mountain States where from time immemorial the silver dollar has been the favorite type of money, and asked me, as chairman of the Senate committee that had jurisdiction over proposed legislation relating to issuance of money, and as chairman of the subcommittee that approved funds for the operation of the mint, to do something to meet the demand for silver dollars. I promised to go into the matter as soon as other duties would permit. But while that colloquy was in progress, the House Appropriations Committee included in its report on funds for the Treasury Department a statement concerning silver dollars, in which it said that the demand for smaller coins is so urgent and of such necessity for the operation of vending machines and for merchants who needed them to make change for customers, that priority would have to be given to the minting of minor coins, and that no funds for the minting of additional silver dollars would be included in the pending bill.

Mr. President, I ask unanimous consent that there be printed in the RECORD the full text of that "silver dollar" report.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SILVER DOLLARS

The committee has disallowed the request to resume the minting of silver dollars at this time. The committee held extensive hearings on this subject and carefully considered statements by congressional delegations representing the silver States. This is not a simple problem of authorizing funds for the minting of additional silver dollars. Many other factors are involved, and the committee carefully considered every alternative. The committee is fully aware of the importance attached to this issue by the silver States; however, in view of the facts developed during the investigations and hearings, the committee could support only one conclusion—that the best interests of all the people require that the total minting capacity of the two existing mints be devoted entirely to meeting the critical shortage in minor coins.

Among the major considerations which support the committee's position are the following:

(a) The shortage in minor coins at the present time is the most critical in the history of the mint, and the demand is increasing at a rate that has outstripped the capacity of both existing mints, even at three-shift, 7-day operation. Every denomination of coin is now being rationed. There is no currency substitute for minor coins such as there is for silver dollars.

(b) The new mint to be constructed in Philadelphia, for which funds are allowed in this bill, will not be in actual production for several years.

(c) Additional silver dollars can be minted only at the expense of minting minor coins.

(d) At the present rate of usage, the supply of free silver in the Treasury will be exhausted in 7 or 8 years. At the present time, the United States is using silver annually at a rate approximately equal to the entire world production. Considerable quantities of silver are being consumed in defense activities and cannot be recovered.

(e) The amount of silver in a silver dollar, at current prices, is worth slightly more than a dollar, while the amount of silver in two half-dollars is worth about 92 cents. The committee feels that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver dollar. Should the price of silver continue to rise, even just a few cents per ounce, it would be profitable to melt down silver dollars for the silver content. The minting of additional silver dollars, at this time, would only serve to aggravate the problem.

Mr. ROBERTSON. Mr. President, yesterday there was also introduced in the Senate by the junior Senator from Montana [Mr. METCALF] a bill relating to silver dollars. At the present price of approximately \$1.29 an ounce, the silver now contained in a silver dollar is worth approximately \$1. Partly on the assumption that the price of silver will go so high that the silver now in a silver dollar will be worth substantially more than the dollar, and partly on the assumption that as collectors' items the Morgan dollars of 1878 which are now being distributed by the Treasury Department will be worth more than a dollar, there has been a tremendous demand in recent days for silver dollars. One hoarder who claimed that he had \$80,000 in silver dollars and was buying \$11,000 more said it was a deal on which one cannot lose, because the silver dollar would always be worth a dollar and could be worth substantially more. In my

opinion, his idea that it was "heads, I win and tails the Government loses" may not be as assured as he thinks. In the first place, the Treasury has an abundant supply of the Morgan dollars to meet the reasonable needs of collectors. In the second place, the time will come when the Government will be minting enough silver dollars to meet the demand, and the silver in those dollars will not be worth more than a dollar. The bill with that in view, introduced yesterday by the Senator from Montana [Mr. METCALF] provides about a 10-percent cut in the amount of silver to be put in a new silver dollar. However, the president of the largest silver mining company in the Nation has for months been advocating that the value of the silver in the dollar and other coins be cut to about 50 cents. As soon as practicable, hearings will be started in the Banking and Currency Committee not only on the silver content of the dollar but also on the silver content of all of the lesser silver coins. The Treasury has been studying this problem for a long time, it is genuinely concerned over the situation that is developing, both as to a shortage of smaller coins and the possibility of the Treasury selling silver dollars for less than their value in silver, and will no doubt be prepared within the near future to make specific recommendations to our committee. Incidentally, there are now in operation vending machines costing over \$2 billion which are equipped with electrical devices that will automatically eliminate slugs that do not contain silver. That is just one phase of the problem which indicates not only the necessity for small coins but likewise the necessity to continue the use of silver in their minting.

Mr. President, the Banking and Currency Committee will make every effort to bring to the Senate for action a bill on this subject in time for congressional completion before sine die adjournment of this session of the Congress.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the majority leader.

Mr. MANSFIELD. What my distinguished colleague from Montana [Mr. METCALF] has done is in accordance with the suggestions advanced by the distinguished chairman of the Committee on Banking and Currency who is also the chairman of the subcommittee on appropriations for the Treasury.

I point out that we are not interested in collectors or, as they are called, numismatists, because in our country the silver dollar is a medium of exchange. It is hard money. We like it. We like it so much that even the bank robbers are getting into the act. About a month ago the bank at White Sulphur Springs, Mont., was robbed, and, believe it or not, in excess of 20,000 silver dollars were taken from the bank, put into a truck, and carted away.

So I am delighted that the Senator from Virginia, who has always shown himself most cooperative and understanding, will hold hearings and will give full consideration to the bill introduced by the distinguished Senator from Mon-

tana [Mr. METCALF] and others who believe that the use of hard money should be continued.

We do not wish to see the silver dollar go the way of the buffalo, the whooping crane, or the gold coin. We desire it to stay. Today we have 500 million silver dollars in circulation, but, unfortunately, outside the West they are being used for hoarding purposes.

Mr. ROBERTSON. I assure the Senator that the man who has 80,000 silver dollars may well be losing, for he could obtain \$3,600 a year in interest from any savings and loan association in Washington, D.C., on his investment, to say nothing of his storage charges. I shall see to it that that man is informed that he had better get a very good price for his collector's items if he wishes to make up what he will lose in interest; for if it is within my power, I shall bring to the Senate a bill which would defeat the idea that the Treasury is to be opened as a new silver mine, the only equipment needed being a 2-ton truck.

Mr. MANSFIELD. The Senator is correct.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. CHURCH. I commend the distinguished chairman of the Committee on Banking and Currency for his forthright statement. As the chairman knows, Idaho is the largest silver producing State in the country.

I also wish to associate himself with the remarks of the majority leader. There is a strong attachment in the West to the silver dollar. As a young boy, I recall how my father used to say that he never felt he had a dollar in his pocket when it was a paper dollar. He always asked for silver dollars in place of paper currency, and that feeling still remains very strong in the Western States.

I ask unanimous consent that I may join as a cosponsor of the bill introduced by the distinguished junior Senator from Montana [Mr. METCALF].

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CHURCH. I hope that hearings will shortly be held.

Mr. ROBERTSON. To give assurance that we mean business, I ask unanimous consent to have printed in the RECORD a letter which I have written to the Secretary of the Treasury asking for a report on the bill introduced by the Senator from Montana [Mr. METCALF]. I did not know about the bill until this morning when I read the RECORD, because I was not present when it was introduced. After reading the RECORD, I went into action.

There being no objection, the letter and report were ordered to be printed in the RECORD, as follows:

MARCH 21, 1964.

HON. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR SECRETARY: Yesterday Senator METCALF, for himself and Senator MANSFIELD, introduced S. 2871, which would amend 31 U.S.C. 321 so as to change the standard for silver dollars from 900 parts of silver and 100 parts of alloy to 800 parts of silver and 200 parts of alloy.

I should appreciate receiving your comments on this bill as promptly as possible.

My attention has also been drawn to the evidences of speculation in silver dollars which were displayed at the office of the Treasurer yesterday. I should like to ask you to look into the matter at once and take such steps as may be necessary to prevent withdrawals of silver dollars which are evidently for speculative purposes, and not for the purposes of trade and commerce for which the United States coinage was established.

With kind personal regards, I am
Sincerely yours,

A. WILLIS ROBERTSON,
Chairman.

Mr. ROBERTSON. Mr. President, in my letter I also asked the Secretary of the Treasury to take immediate steps, so far as possible under existing law, to prevent the kind of speculative scene which occurred at the Treasury yesterday.

I realize that, ever since the creation of the Treasury and the Bureau of the Mint, they have, as a matter of policy, disregarded the numismatic value of the coins the mint produces and the Treasury distributes. As a general principle I agree, but I am by no means sure that it is necessary to apply this general principle to a situation where the Treasury is dealing with bags of old coins minted in the last century, many of which may become collectors' items as soon as they are distributed. In the interest of fairness to the millions of collectors around the Nation, it would seem to me that some more equitable system of distribution could be devised by the Treasury.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MANSFIELD. Will the Senator from Virginia include in his hearings the question of speculating on the part of those who are delving into the Kennedy 50-cent pieces, and trying to get \$2.50 and \$3 apiece before their issuance?

Mr. ROBERTSON. I would rather have the Committee on Rules and Administration go into that question.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Ohio.

Mr. LAUSCHE. I have listened in the past 2 days in the Senate to the discussion relative to silver coins. Several months ago some of us voted against the measure that was then pending which repealed the Silver Purchase Act. It was then argued against the proposal that we would merely saddle our gold reserves with an increased burden.

I do not like to say it, but there were those of us who said that what has occurred would happen, and it has happened. The gold reserve problem has grown worse. The cry now is for the silver dollar. If the issuance of silver coins does nothing else, it will relieve the peril with reference to the dwindling gold reserves.

Mr. BIBLE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. BIBLE. Mr. President, I wish to associate myself with the earlier remarks made on the silver problem. This is a highly complex and complicated

problem. I am sure there is no easy answer to it. Those who are interested in looking at some of the predictions that were made as to what might happen and what the coin collecting problems would be, need only look at the record made when the proposal for repeal of the Silver Purchase Act was before us. Predictions were made that the law of supply and demand would lead to a situation similar to what we now have. I do not believe there is an easy answer.

Mr. President, I ask unanimous consent that I may join as a cosponsor of the bill introduced by the junior Senator from Montana [Mr. METCALF], not that I am convinced this is the answer to the problem at this time, but at least it would give us an opportunity to place the problem before a proper committee and explore the problem further, as we attempted to do at the time we pointed out some of the dangers during consideration of the repeal of the Silver Purchase Act.

Those of us who come from the West take great pride in the fact that the silver dollar is a sound and honorable means of exchange, and that it should be kept. It should not be turned into a situation in which we let the cartwheel go out so the coin collector may move in. We want it to be regarded as an even exchange.

We look forward to having the entire subject looked into in the hearings.

The ACTING PRESIDENT pro tempore. Without objection, the request of the Senator from Nevada [Mr. BIBLE] to have his name added as a cosponsor is agreed to.

Mr. ROBERTSON. We shall be glad to do that. I call attention to the fact that we voted to build a new mint in Philadelphia and voted to enlarge the mint at Denver but under this new surge of prosperity, we cannot meet the demand.

Mr. BIBLE. The problem has many implications. As one Senator correctly said, it ties into a drawdown on the gold back of our currency, and the problem must be explored very carefully.

For some weeks and months now, a more than normal drawdown of silver dollars has been taking place at the U.S. Treasury. This matter has been of much concern to me and other western Senators, who feel that hard money is more desirable than paper money.

What has been permitted to go on at the Treasury the past week is, in my opinion, a disgraceful situation, and that is to permit speculators to cart off silver dollars for the sole purpose of speculating or to check their numismatic value in order that profit may be made at the expense of the Western States, which have long cherished hard money and used it as a medium of exchange.

All have seen the news story in the morning paper, and the only consolation to me, and I must state it is a very small one, is that the Treasury Department took action yesterday to set a maximum of 50,000 silver dollars to a customer and closed the servicing windows to 2 hours a day. This action should have been taken much earlier, for anyone who has watched this situation closely could have

seen and must have known what was taking place.

The truth of the matter is simply this: Coin collectors have been aware for many months that old Morgan dollars were being dispensed from the Treasury. Some of these valuable coins went out many months ago and these same collectors were soon aware. Now an actual run is on and there will be no silver dollars in the Treasury within a week if the Secretary of the Treasury does not take action. I think that his Department should make an immediate investigation of this entire matter.

Last May, when hearings were held on the repeal of the Silver Purchase Act, I questioned the testimony given by Secretary Dillon and his advisers. I stated I did not believe that silver stocks would last 12 to 15 years as testimony given in the record. I predicted the period would be much less and that our silver should be held to protect our coinage and to back our paper money.

In the Senate report on H.R. 5389, the committee suggested that retirement of silver certificates and the issuance of Federal Reserve notes would see the Treasury backing these notes by the same regulation as other paper money; namely, 25 percent in gold. I suggested this alone would cause a further gold shortage, but my appeal was for nought.

The report states as of February 28, 1963, \$1.8 billion in silver certificates were in circulation and that this would only require \$450 million of gold to be set aside, and to some this was an insignificant amount.

The report states on page 4:

The Nation's money supply included 390 million silver dollars, \$1.8 billion in subsidiary silver coins (10-, 25-, and 50-cent pieces) and \$685 million in minor coins (1- and 5-cent pieces):

This, of course, included money in circulation and in commercial and savings banks.

On February 20, 1964, I wrote a long letter to the Treasury Department asking for certain information which I thought had a bearing on the situation which was and has now developed.

A reply to my letter on March 3 stated in part that on May 31, 1963, the Treasury held 69,688,192 silver dollars and on February 25, 1964, the Treasury held 25,300,720 silver dollars, a decrease of \$44,367,572 in less than 8 months. In a telephone call to the Assistant Secretary in charge of fiscal policy on March 17, I was advised that 17,582,767 silver dollars were left in the Treasury.

Now it appears crystal clear to me that in such a situation, someone at the Treasury Department should have been alarmed at such a large drawdown of silver dollars in this short period and steps of corrective action should have been in progress, rather than to permit the complete dissipation of the Treasury's silver dollars to hoarders and coin collectors.

The mere fact that the price of silver has finally pierced the magic 1.2929 point is of little significance at this moment for the amount is much too small at 1.3 to encourage anyone to melt silver dollars down to gain a fraction of a cent in the

process. Actually, today's price would not permit a profit for the effort. In addition, why should one even want to do this when they can still go to the Treasury and call for silver bullion simply by exchanging silver certificates.

Now when silver dollars disappear, one will not be able to secure a silver dollar for his silver certificate and as of January 31, 1964, there were \$1,970,651,736 outstanding silver certificates of which \$1,721,940,308 were in circulation, the remainder being held by the Federal Reserve banks and agents.

Now if we are to carry this matter further, all we have to do to get rid of all of our silver is to permit the complete withdrawal of bullion. And at this point, let me state that six firms in this Nation have withdrawn by redemption of silver certificates through February 20, 1964, sums in amounts varying from \$1,772,925 to \$9,002,351. Eight other firms, including the small amount of \$15,518 drawn by the State of Nevada for medallion purposes, brought the total figure to \$31,264,993 in withdrawal of silver bullion.

An investigation and complete study of our fiscal policy with respect to silver is needed at once and anyone familiar with these figures surely will agree, unless the purpose is to demonetize and use other metals for coinage purposes and let the speculators clean house on Treasury stocks of silver.

Should the Congress demonetize the content of our coins, how will this policy affect the silver certificate which is outstanding in large amounts? Will we then permit a stepped-up run on our silver bullion? It seems to me just a little impractical to have silver dollars worth one amount and a silver certificate worth a dollar's worth of silver bullion.

Nevertheless, I have today joined with Senator METCALF on S. 2671, to use this bill as a vehicle for a full Senate investigation. I trust and hope the Treasury Department will, in the meantime, go further into this matter and start an immediate investigation.

When we all know there is a world shortage of silver and that our own Nation imports much of its needs—does it not make good commonsense to protect what we now have, or at least to preserve it for silver coins, which we all cherish?

Mr. ELLENDER. Mr. President, all of the discussion on the silver dollar is interesting, but I am somewhat disturbed by the statement made by the Senator from Montana [Mr. MANSFIELD], who said that robbers recently had taken silver dollars. I wonder if they are better than greenbacks.

Mr. MANSFIELD. I think they always have been. The robbers at White Sulphur Springs took in excess of \$20,000 in silver dollars.



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Senate

FRIDAY, MARCH 20, 1964

(Legislative day of Monday, March 9, 1964)

Mr. MANSFIELD. Mr. President, I have been interested in the debate about financial stability, the flight of the dollar, and the outflow of gold.

The distinguished Senator from Virginia [Mr. ROBERTSON] is chairman of the Committee on Banking and Currency, and is also chairman of the Appropriations Committee Subcommittee on Treasury and Post Office Appropriations.

I wish some serious consideration could be given to the inflow of silver. Montana is a silver-dollar-using State. There is a great scarcity of silver dollars in Montana; and we would like to see something done, by means of which an appropriation would be made, so that the Director of the Mint could mint some more silver dollars. As I understand it, paper money is turned in on the average of about every 3 months because it wears out and becomes useless. A silver dollar lasts for decades. It is something solid, something one can throw on the counter—or perhaps on the bar.

Mr. President, a man knows he has something in his pocket when he has a silver dollar there.

Furthermore, the Government does not lose any money on the minting of silver dollars; in fact, I believe that, under seigniorage, the Government makes a little money, a reasonably good profit.

I understand that at the present time the mint is dipping into the last silver dollars it has, and is even releasing those under date of 1880. I also understand that those silver dollars have a value in excess of \$1, insofar as collectors are concerned. At the start of 1963, there were 94 million silver dollars in the Treasury; today there are only 28.5 million silver dollars remaining and they are going fast.

There is a great deficiency of silver dollars in the State of Montana. Montana, along with Nevada, is the only State which looks upon the silver dollar as a far better and more durable item of currency than a paper bill.

So I would hope, and I would plead with the distinguished chairman of the Subcommittee on Appropriations for the Treasury and of the Banking and Cur-

rency Committee, that the necessary funds be allowed, so that up to \$150 million of silver dollars can be minted so that the demands of the people—not only those in my State, although primarily the ones there, so far as I am concerned, but also the people in the other States—can be met.

Mr. ROBERTSON. Mr. President, I assure the Senator from Montana that he has touched on a very vital issue. When he refers to the fact that paper money wears out, but that silver dollars will last, he reminds me of the Scotch-Irishman in the valley of Virginia who told me, "Senator, I like money that the dog can't chew up." He was so right; and all of us like every now and then to put our hands in our pockets and feel something tangible.

I show to my colleagues a Chinese penny which I obtained in Hong Kong in 1935. It is made of copper. The inscription on the penny has long since worn off, but I still keep the penny. I got it when I visited Hong Kong, where the people have an average income of only \$90 a year. This is only a penny, but a penny is important to them. I have kept it in my pocket to remind me of the fact that the many people who are not under our form of government and our free enterprise system would be very glad to get that penny. So I carry it around.

In reference to the silver situation, I should like to point out that there has been such a demand for the memorial Kennedy coins that they are being offered for \$2 and \$3 apiece before the coins have even come from the mint.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. MANSFIELD. I would hope that in his dual capacity as a chairman of that particular subcommittee of the Committee on Appropriations and as chairman of the Committee on Banking and Currency, the Senator from Virginia would undertake an investigation into the subject of the accumulation or the taking of orders before the Kennedy silver half-dollars are made available. I understand, also, that they are being offered, when they become available, for

\$2.50 to \$3 each when the coins have a value of only 50 cents.

Mr. ROBERTSON. That is true.

Mr. MANSFIELD. I hope that an investigation of that subject will be undertaken.

Mr. ROBERTSON. Some people believe that a silver dollar will be worth more than \$1.29 for the value of the silver in the coin. When the value rises above \$1.29 an ounce, which is the price we have now fixed, the silver in a silver dollar will be worth more than a dollar. So collectors are buying up the coins and holding them, speculating that prices will be inflated.

My friend has brought up a vital issue and, if the distinguished majority leader would lay aside the civil rights bill, the chairman of the Committee on Banking and Currency would go into the investigation immediately.

Mr. MANSFIELD. Mr. President, I do not intend to be diverted from my main theme. I am not being facetious about the silver dollar. It is solid and durable. It is something that we know represents money, in contrast to paper. I would most certainly hope that to supply the deficiency which we are feeling in my own State, which along with Nevada, I repeat, is the only silver-dollar-using State in the Nation, and in which we desire to continue to use silver in preference to paper, I would hope that the distinguished Senator from Virginia, in his dual capacity, would see to it that the necessary funds are forthcoming to continue the minting of this vitally needed coin, because solid silver to us is most important and needed. Even some of our banks are out of or running out of silver dollars. The situation is indeed serious.

Mr. ROBERTSON. The Senator from Virginia fully recognizes the importance of the subject, both to the State of Montana and to the Nation. He also admits a dual capacity in committee assignment. But he is not twins, unfortunately. When he is required to sit here for one reason, he cannot be in a committee room for another.

Mr. MANSFIELD. That is understood. I know that the distinguished chairman will give the subject his most serious

consideration, not only so far as funds for the minting of silver dollars are concerned, but also in the matter of investigating the exorbitant prices now being suggested for the Kennedy half dollar.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. STENNIS. Mr. President, I ask unanimous consent that I may yield to the Senator from Ohio under the same conditions previously stated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. The Senator from Virginia [Mr. ROBERTSON] and the Senator from Iowa [Mr. MILLER] have mentioned that if we are to cope with the problem of fleeing gold, we had better do something domestically. The record will show that dollars spent by foreign visitors coming to the United States amount to between \$1,200 million and \$1,400 million a year less than the dollars spent by American tourists in foreign countries. In other words, we suffer an imbalance adverse to us in the amount of about \$1,300 million a year, which is spent by tourists from our country going around the world.

Our Department of Commerce is carrying on an intensive campaign to urge foreigners to visit our country. In my judgment, a far more effective service could be rendered if the Department of Commerce began to appeal vigorously to the people of the United States that in this hour of peril, with respect to the gold reserves, they could render a patriotic service to our country by visiting the scenic and historic sites within our boundaries rather than visiting those of foreign nations. They can visit the Rockies, the Appalachians, the Great Lakes and other places, and they will behold grandeur exceeding that of the Alps. They will find historic sites within our Nation, inspirational and enriching to the mind. My appeal would be that probably the Congress ought to do something to encourage people to visit areas of the United States and abstain, for the time being, while our gold reserve problem is so serious, from going on tourist expeditions to foreign nations.

Mr. ROBERTSON. Mr. President, will the Senator yield at that point?

Mr. STENNIS. I yield.

Mr. ROBERTSON. The Senator has made a good point. I wish to mention for the benefit of our distinguished majority leader that the first national park in the entire world was established in Montana. That is the Yellowstone National Park.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. STENNIS. I yield, under the same conditions.

Mr. MANSFIELD. In addition to Yellowstone Park and Glacier National Park, we have the Custer Battlefield Monument. We have the Rockies and rangeland. We have high plains, at the average elevation of 3,000 feet. Fewer than 700,000 people live in 148,000 square miles. If people wish to go somewhere and see something, I suggest that they

come to Montana, and we will even give them some silver dollars, if we are able to.

Mr. LAUSCHE. Visitors will not make a mistake if they come to Ohio.

Mr. MANSFIELD. I point out also that the headwaters of the Missouri River and the Columbia River are in Montana.

TO REDEFINE THE SILVER CONTENT IN SILVER COINS

Mr. METCALF. Mr. President, inasmuch as the House Appropriations Committee today recommended against further coinage of silver dollars and suggested that study be given to melting down the existing supply, I, on behalf of myself and my colleague, the senior Senator from Montana [Mr. MANSFIELD], introduce the following bill:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, To amend section 321 of title 31, U.S.C., by changing "nine" to "eight" and "one" to "two" to read as follows:

"The standard for silver coins of the United States shall be such that of one thousand parts by weight eight hundred shall be of pure metal and two hundred of alloy. The alloy of the silver coins shall be of copper."

The intrinsic value of the silver in the dollars is such that it is almost profitable for silversmiths to melt them down for metallic uses. Passage of my bill will make it possible for the Federal Government to make a profit from the coinage of silver dollars, and to permit the continued use of silver dollars as a medium of exchange in Montana and other Western States where they are the traditional and the accepted monetary unit.

I ask unanimous consent that the bill be held at the desk through Friday, March 27, for additional cosponsors.

The PRESIDING OFFICER (Mr. WALTERS in the chair). The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Montana.

The bill (S. 2671) to redefine the silver content in silver coins, introduced by Mr. METCALF (for himself and Mr. MANSFIELD), was received, read twice by its title, and referred to the Committee on Banking and Currency.

UNITED STATES SENATE
Office of the Majority Leader
Washington, D. C.

February 27, 1964

C
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Hon. J. Vaughn Gary, Chairman
Subcommittee on Treasury and
Post Office Appropriations
House Committee on Appropriations
Washington, D. C.

Dear Mr. Chairman:

The House Committee on Appropriations has before it a request from the Department of the Treasury for authority to mint an additional 150 million silver dollars. It is my understanding that a portion of the public hearings on this item have been concluded.

The use of the silver dollar as a medium of exchange in U. S. Currency is very prominent in the western states, particularly in my State of Montana and Nevada. Recent developments have given some cause for alarm about the silver dollar disappearing from the American scene. My colleague, Senator Lee Metcalf and I wish to stress the urgency in this matter. We ask that favorable consideration be given to the Treasury Department's request. The silver dollar is a part of our heritage, and its future use should be guaranteed.

There is an adequate supply of silver. Any difference in the cost of printing dollar bills and minting silver dollars can be set off by the extended life of the metallic dollar. Affirmative action by the Congress would dissuade coin collectors and speculators thus relieving any real or artificial shortage.

The mining industry, the people of the west, and the advocate of the silver dollar urge that your subcommittee act favorably on the Treasury Department's request. It is a matter of personal interest to me, an issue which I plan to explore at some length here in the Senate.

With best personal wishes, I am

Sincerely yours,

/s/

MIKE MANSFIELD

cc: Hon. Clarence Cannon, Chairman,
House Committee on Appropriations
Members of Subcommittee on Treasury
and Post Office Appropriations