

TREASURY SILVER

A Presidential order to provide unallocated Treasury silver for use by industry and business as suggested by the jewelry trade or any new legislation is not necessary to make available an ample supply of silver for all possible uses.

The simplest and best solution is a modification of O. P. A. General Maximum Price regulation including the one word "silver" among the items exempted from that order.

If the jewelers and silversmiths are driven out of business due to their inability to purchase silver under the present conditions, the principal financial burden will fall upon the Treasury Department of the United States. The Treasury Department will be deprived of all the taxes that would otherwise be paid:- by the hundreds of corporations affected and by their hundreds of thousands of employees and stockholders. These employees are artists and highly skilled artisans accustomed to high wages and for whom other employment may not be available.

Jewelry, art goods and silver-ware are not necessities of life. They are not included in the cost-of-living index. They are luxuries. But they are desired by all - and are bought out of surplus earnings or savings - to satisfy personal vanity or as a form of harmless hoarding. Such purchasing should appeal to the O. P. A. to help siphon off excess spending power. The weight of silver and difference in cost in the finished goods is so trifling that advance to Mint price would not decrease the demand. In fact demand may well increase due to increased earning power of the large majority of the population.

The action of O. P. A. in raising the ceiling on foreign silver from 35-3/8¢ to 45¢ per ounce effective August 31, 1942 is a step in the right direction, but only a step. It will not stop the speculation which is withholding and will continue to withhold large supplies in Mexico and South America. A free market will make available a supply far greater than any possible demand. All the profit on sales from this supply will redound directly to the benefit of the American people for that supply is their own reserve of three and one-third billion ounces in the U. S. Treasury, accumulated at an average "cost" of less than fifty cents per ounce.

Production of silver has been decreasing, but demand has been steadily increasing, and every study indicates a continuous uptrend in demand for the duration at least. Requirements in the United States for the next twelve months may be estimated as:-

	<u>Ounces</u>
War Production Goods	175,000,000
Essential Industries	90,000,000
Arts and Non-Essentials	100,000,000
Loan to England, Australia-coinage	<u>60,000,000</u>
Total	425,000,000
Available Supply on Free Market	
Current Production-United States	70,000,000
Imports	<u>115,000,000</u>
Total	185,000,000
The balance of	240,000,000

could come only from Treasury Stocks.

On this basis, the Treasury would receive for the 240,000,000 ounces at the Mint price approximately \$310,000,000 and would be relieved of purchase of current production of 70,000,000 ounces about 50,000,000 or a total gain in cash of 360,000,000

On basis of actual average cost of silver on hand the Treasury would make a real profit on sale of 240,000,000 ounces of about 192,000,000

Only the various companies could individually estimate the advantage to the Treasury Department of

Corporation Taxes	?
Employees Personal Income Taxes	?
Stockholders Personal Income Taxes on dividends	?

So far as price advance would benefit mining companies in the United States and other American countries, such advance would merely decrease cost of production of copper, zinc, lead and other strategic metals. Most of the higher price would revert directly to the United States Treasury in taxes, and the burden of financial support to the Americas under our Good Neighbor policy would be proportionately decreased.

But the all important factor is the benefit to the War Effort in greater production of strategic metals that are produced from the same tons of native ores which yield the silver. Copper, Zinc and Lead are essential to winning the war. Recent survey shows a loss of about twenty per cent in man-power of

non-ferrous mines to the armed services, shipyards, airplane factories or government "cost plus fixed fee" jobs, because of wage scales higher than can possibly be paid by non-ferrous metal mines on prices for their products fixed by O. P. A.

Exemption of silver from maximum price regulation would solve the problem of the jewelers and silversmiths, would yield large revenues to the Treasury and would contribute more toward winning the war than any other single action within the power of the Government.

E. L. Bert

New York, N. Y.,

August 28, 1942.